



STATE OF MICHIGAN PROCUREMENT

Michigan Department of State

430 West Allegan Street, Lansing, MI 48918

CONTRACT CHANGE NOTICE

Change Notice Number **1**
to
Contract Number **231.190000000422**

CONTRACTOR	OPEX Corporation
	305 Commerce Drive
	Moorestown, NJ 08057
	Vanna Robbins
	856.912.3567
	vrobbsins@opex.com
	CV0006997

STATE	Program Manager	Amanda Bauer	MDOS
		517.335.6123	
		BauerA2@michigan.gov	
	Contract Administrator	Chad Bassett	MDOS
		517.241.2646	
		bassettc@michigan.gov	

CONTRACT SUMMARY

DESCRIPTION: Purchase of an additional Remittance Processor, including maintenance and also rental of a temporary Remittance Processor.

INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
3/18/2019	09/30/2023	Unlimited 5 year options with successful negotiations	09/23/2023
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		90 days from receipt of Delivery Order for new Remittance Processor	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			

DESCRIPTION OF CHANGE NOTICE

OPTION	LENGTH OF OPTION	EXTENSION	LENGTH OF EXTENSION	REVISED EXP. DATE
<input type="checkbox"/>		<input type="checkbox"/>		
CURRENT VALUE		VALUE OF CHANGE NOTICE	ESTIMATED AGGREGATE CONTRACT VALUE	
\$498,491.26		\$180,000.00	\$678,491.26	

DESCRIPTION: Effective 09/10/2020 this contract is increased by \$180,000 (**see estimated breakdown below**) and will include the additional scope of work reflected in Schedule B for Change Notice 1. Program Manager is being changed to Amanda Bauer. All terms and conditions remain the same as does the ongoing maintenance costs for the equipment purchased under the original version of the contract.



STATE OF MICHIGAN PROCUREMENT

Michigan Department of State

430 West Allegan Street, Lansing, MI 48901

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **231.190000000422**

between

THE STATE OF MICHIGAN

and

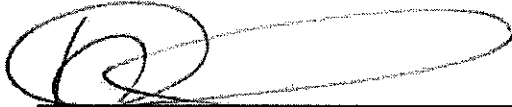
CONTRACTOR	OPEX Corporation
	305 Commerce Drive
	Moorestown, NJ 08057
	Vanna Robbins
	856.912.3567
	vrobins@opex.com
	CV0006997

STATE	Program Manager	Michael Fildey	MDOS
		517.335.6123	
		fildeym@michigan.gov	
	Contract Administrator	Chad Bassett	MDOS
		517.241.2646	
		bassettc@michigan.gov	

CONTRACT SUMMARY			
DESCRIPTION: Remittance Processor Equipment and yearly maintenance costs			
INITIAL EFFECTIVE DATE	INITIAL EXPIRATION DATE	INITIAL AVAILABLE OPTIONS	EXPIRATION DATE BEFORE CHANGE(S) NOTED BELOW
3/18/2019	9/30/2023	Unlimited 5 year options with successful negotiations	
PAYMENT TERMS		DELIVERY TIMEFRAME	
Net 45		120 days from ARO for equipment	
ALTERNATE PAYMENT OPTIONS			EXTENDED PURCHASING
<input type="checkbox"/> P-card <input type="checkbox"/> Payment Request (PRC) <input type="checkbox"/> Other			<input type="checkbox"/> Yes <input type="checkbox"/> No
MINIMUM DELIVERY REQUIREMENTS			
MISCELLANEOUS INFORMATION			
Deliverables and pricing within Schedule B derived from final proposal dated 2/26/19			
ESTIMATED BASE CONTRACT VALUE AT TIME OF EXECUTION			\$498,491.26

FOR THE CONTRACTOR:

OPEX CORPORATION
Company Name

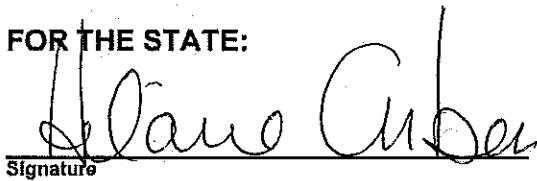


Authorized Agent Signature

Winnie W. Chow, Asst. Dir., Corp. & Legal Affairs
Authorized Agent (Print or Type)

April 23, 2019
Date

FOR THE STATE:



Signature

Hilarie Chambers, Chief of Staff
Name & Title

Michigan Department of State
Agency

4/29/19
Date



STATE OF MICHIGAN PROCUREMENT

Michigan Department of State

430 West Allegan Street, Lansing, MI 48901

NOTICE OF CONTRACT

NOTICE OF CONTRACT NO. **231. 190000000422**

between

THE STATE OF MICHIGAN

and

CONTRACTOR	OPEX Corporation
	305 Commerce Drive
	Moorestown, NJ 08057
	Vanna Robbins
	856.912.3567
	vrobbsins@opex.com
	CV0006997

STATE	Program Manager	Michael Fildey	MDOS
		517.335.6123	
		fildeym@michigan.gov	
	Contract Administrator	Chad Bassett	MDOS
		517.241.2646	
		bassettc@michigan.gov	

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MISCELLANEOUS INFORMATION			
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ESTIMATED BASE CONTRACT VALUE AT TIME OF EXECUTION			\$498,491.26

FOR THE CONTRACTOR:

OPEX CORPORATION

Company Name



Authorized Agent Signature

Winnie W. Chow, Asst. Dir., Corp. & Legal Affairs

Authorized Agent (Print or Type)

April 23, 2019

Date

FOR THE STATE:

Signature

Name & Title

Michigan Department of State

Agency

Date



STATE OF MICHIGAN

STANDARD CONTRACT TERMS CONTRACT# 231,19000000422

This STANDARD CONTRACT ("**Contract**") is agreed to between the State of Michigan (the "**State**") and OPEX Corporation ("**Contractor**"), a New Jersey Corporation. This Contract is effective on 04/26/2019 ("**Effective Date**"), and unless terminated, expires on 9/30/2023.

This Contract may be renewed for unlimited 5-year options based upon life of equipment and successful negotiations which will include without limitation applicable annual fees for the services based on Contractor's then current published rates. Both State and Contractor mutually agree that the purchase of the new equipment listed in Schedule B of this Contract is a one-time equipment purchase by the State. Any additional purchases of equipment from Contractor shall be based on Contractor's then current published rates.

The parties agree as follows:

- 1. Duties of Contractor; Prices.** Contractor must perform the services and provide the deliverables described in **Schedule A – Statement of Work** (the "**Contract Activities**"). An obligation to provide delivery of any commodity is considered a service and is a Contract Activity. For clarity purposes, the State is purchasing new equipment as a one-time deliverable and the ongoing maintenance services for the equipment will be provided during the applicable term of this Contract, in accordance with Schedule A. The one-time Contract Activities includes the one-time initial purchase of the following new equipment from Contractor: four (4) new OPEX Falcon products and three (3) new OPEX Model 72 products and related services.

Contractor must furnish all labor, equipment, materials, and supplies necessary for the performance of the Contract Activities, and meet operational standards as specified in Schedule A.

Contractor must: (a) perform the Contract Activities in a timely, professional, safe, and workmanlike manner consistent with standards in the trade, profession, or industry; (b) meet or exceed the performance and operational standards, and specifications of the Contract; (c) provide all Contract Activities in good quality, with no material defects; (d) not interfere with the State's operations; (e) obtain and maintain all necessary licenses, permits or other authorizations necessary for the performance of the Contract; (f) cooperate with the State, including the State's quality assurance personnel, and any third party to achieve the objectives of the Contract; (g) return to the State any State-furnished equipment or other resources in the same condition as when provided when no longer required for the Contract; (h) not make any media releases without prior written authorization from the State; (i) assign to the State any claims resulting from state or federal antitrust violations to the extent that those violations concern materials or services supplied by third parties toward fulfillment of the Contract; and (l) provide the State services are required as set forth in Schedule A in performance of the Contract. Any breach under this paragraph is considered a material breach.

Contractor must also be clearly identifiable while on State property by wearing identification issued by the State, and clearly identify themselves whenever making contact with the State.

The one-time equipment purchase prices and the annual service and license fees for the equipment for the initial period of this Contract ending on September 30, 2023 shall be based on the prices set forth under Schedule B of this Contract. Both State and Contractor mutually agree that the purchase of the new equipment listed in Schedule B of this Contract is a one-time equipment purchase by the State for which the prices are only valid through June 28, 2019. Any additional purchases of equipment from Contractor shall be based on Contractor's then current published rates. For the applicable annual or multi-year renewal term(s) of this Contract, both the State and the Contractor mutually agree that the purchase of services including the applicable annual software license fees for the equipment for any periods starting on October 1, 2023 and thereafter shall be based on Contractors' then current published rates.

- 2. Notices.** All notices and other communications required or permitted under this Contract must be in writing and will be considered given and received: (a) when verified by written receipt if sent by courier; (b) when actually received if sent by mail without verification of receipt; or (c) when verified by automated receipt or

electronic logs if sent by facsimile or email.

If to State:	If to Contractor:
Chad D. Bassett 308 West Allegan, 4 th Floor, Pillar Y17 Lansing, MI 48918 517.241.2646 bassettc@michigan.gov	Winnie Chow 305 Commerce Drive Moorestown, NJ 08057 856.912.3567 wchow@opex.com

3. **Contract Administrator.** The Contract Administrator for each party is the only person authorized to modify any terms of this Contract, and approve and execute any change under this Contract (each a “**Contract Administrator**”):

State:	Contractor:
Chad D. Bassett 308 West Allegan, 4 th Floor, Pillar Y17 Lansing, MI 48918 517.241.2646 bassettc@michigan.gov	Winnie Chow 305 Commerce Drive Moorestown, NJ 08057 856.912.3567 vregistration@opex.com

4. **Program Manager.** The Program Manager for each party will monitor and coordinate the day-to-day activities of the Contract (each a “**Program Manager**”):

State:	Contractor:
Michael Fildey 7064 Crowner Drive Dimondale, MI 48821 517.335.6123 fildeym@michigan.gov	Vanna Robbins and James Veldt 305 Commerce Drive Moorestown, NJ 08057 856.912.3567 vrobbs@opex.com ; jveldt@opex.com

5. **Reserved**

6. **Insurance Requirements.** Contractor must maintain the insurances identified below and is responsible for all deductibles. All required insurance must: (a) protect the State from claims that may arise out of, are alleged to arise out of, or result from Contractor's or a subcontractor's performance; (b) be primary and non-contributing to any comparable liability insurance (including self-insurance) carried by the State; and (c) be provided by a company with an A.M. Best rating of "A-" or better, and a financial size of VII or better.

Required Limits	Additional Requirements
Commercial General Liability Insurance	
<u>Minimum Limits:</u> \$1,000,000 Each Occurrence Limit \$1,000,000 Personal & Advertising Injury Limit \$2,000,000 General Aggregate Limit \$2,000,000 Products/Completed Operations <u>Deductible Maximum:</u> \$50,000 Each Occurrence	Contractor must have their policy endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds using endorsement CG 20 10 11 85, or both CG 2010 07 04 and CG 2037 07 04.
Automobile Liability Insurance	
<u>Minimum Limits:</u> \$1,000,000 Per Accident	Contractor must have their policy: (1) endorsed to add “the State of Michigan, its departments, divisions, agencies, offices, commissions, officers, employees, and agents” as additional insureds; and (2) include Hired and Non-Owned Automobile coverage.
Workers' Compensation Insurance	

<u>Minimum Limits:</u> Coverage according to applicable laws governing work activities.	Waiver of subrogation, except where waiver is prohibited by law.
Employers Liability Insurance	
<u>Minimum Limits:</u> \$500,000 Each Accident \$500,000 Each Employee by Disease \$500,000 Aggregate Disease.	

If any of the required policies provide **claims-made** coverage, the Contractor must: (a) provide coverage with a retroactive date before the effective date of the contract or the beginning of Contract Activities; (b) maintain coverage and provide evidence of coverage for at least three (3) years after completion of the Contract Activities; and (c) if coverage is cancelled or not renewed, and not replaced with another claims-made policy form with a retroactive date prior to the contract effective date, Contractor must purchase extended reporting coverage for a minimum of three (3) years after completion of work. Contractor must: (a) provide insurance certificates to the Contract Administrator, containing the agreement or purchase order number, at Contract formation and within 20 calendar days of the expiration date of the applicable policies; (b) require that subcontractors maintain the required insurances contained in this Section;

(c) notify the Contract Administrator within 5 business days if any insurance is cancelled; and (d) waive all rights against the State for damages covered by insurance. Failure to maintain the required insurance does not limit this waiver.

This Section is not intended to and is not to be construed in any manner as waiving, restricting or limiting the liability of either party for any obligations under this Contract (including any provisions hereof requiring Contractor to indemnify, defend and hold harmless the State).

7. Reserved

8. Reserved

9. Independent Contractor. Contractor is an independent contractor and assumes all rights, obligations and liabilities set forth in this Contract. Contractor, its employees, and agents will not be considered employees of the State. No partnership or joint venture relationship is created by virtue of this Contract. Contractor, and not the State, is responsible for the payment of wages, benefits and taxes of Contractor's employees and any subcontractors. Prior performance does not modify Contractor's status as an independent contractor.

10. Subcontracting. Contractor may not delegate any of its obligations under the Contract without the prior written approval of the State. Contractor must notify the State at least 90 calendar days before the proposed delegation and provide the State any information it requests to determine whether the delegation is in its best interest. If approved, Contractor must: (a) be the sole point of contact regarding all contractual matters, including payment and charges for all Contract Activities; (b) make all payments to the subcontractor; and (c) incorporate the terms and conditions contained in this Contract in any subcontract with a subcontractor. Contractor remains responsible for the completion of the Contract Activities, compliance with the terms of this Contract, and the acts and omissions of the subcontractor. The State, in its sole discretion, may require the replacement of any subcontractor.

11. Staffing. The State's Contract Administrator may require Contractor to remove or reassign personnel by providing a notice to Contractor pursuant to the terms set forth in this Section 11. If any personnel of Contractor are found to be unacceptable to the State for any reason, in the State's sole and reasonable judgment, the State shall notify Contractor and shall document the reasons for requesting the removal of such personnel of Contractor. Both Contractor and the State shall in good faith, discuss the basis for the State's request to remove Contractor's personnel and provide Contractor an opportunity to respond to the State's request. If the State, in good faith, still believes a reasonable basis exists after Contractor have been afforded an opportunity to inquire and respond to the request for removal, then Contractor shall promptly remove such employee, agent or subcontractor within ten (10) business days. Furthermore, the State shall provide Contractor a reasonable period of time of at least twenty-five (25) business days to find a permanent replacement. During the interim period, Contractor shall continue to provide Contract Activities by temporarily assigning other personnel of Vendor to perform the Contract Activities until a permanent replacement is assigned to the State.

12. **Background Checks.** The State, in its sole discretion, may perform background checks at the State's sole and exclusive expense and management (including without limitation manage all aspects of conducting the background check as well as storing the results thereof in accordance with the State's internal recordkeeping policy).
13. **Assignment.** Contractor may not assign this Contract to any other party without the prior approval of the State. Upon notice to Contractor, the State, in its sole discretion, may assign in whole or in part, its rights or responsibilities under this Contract to any other party. If the State determines that a novation of the Contract to a third party is necessary, Contractor will agree to the novation and provide all necessary documentation and signatures.
14. **Change of Control.** Contractor will notify, at least 90 calendar days before the effective date, the State of a change in Contractor's organizational structure or ownership. For purposes of this Contract, a change in control means any of the following: (a) a sale of more than 50% of Contractor's stock; (b) a sale of substantially all of Contractor's assets; (c) a change in a majority of Contractor's board members; (d) consummation of a merger or consolidation of Contractor with any other entity; (e) a change in ownership through a transaction or series of transactions; (f) or the board (or the stockholders) approves a plan of complete liquidation. A change of control does not include any consolidation or merger effected exclusively to change the domicile of Contractor, or any transaction or series of transactions principally for bona fide equity financing purposes.

In the event of a change of control, Contractor must require the successor to assume this Contract and all of its obligations under this Contract.

15. **Ordering.** Contractor is not authorized to begin performance until receipt of authorization via a Delivery Order which will be received by Contractor no later than five (5) business days following both parties' execution of this Contract.
16. **Acceptance.** The delivery of the new equipment shall be subject to inspection and testing by the State for a period not to exceed fourteen (14) calendar days from the date Contractor completes installation of the equipment ("**State Review Period**") in accordance with the below terms.

During the State Review Period, the State shall assess whether the equipment materially conforms to Contractor's published specifications as set forth in Schedule A of this Contract and the State shall provide its own media and/or documentation to conduct such testing.

The installation of the equipment will begin immediately following delivery to the State's site and the timeframe for completing installation of the equipment shall be completed within ten (10) calendar days after the date of delivery. The equipment will be deemed accepted by the State no later than the conclusion of the State Review Period unless the State has notified Contractor in writing during the State Review Period that a specific unit of the installed equipment did not materially conform to Contractor's published specifications as set forth in Schedule A. For only such installed single unit of the equipment that failed to materially conform to Contractor's published performance specifications during the State Review Period, Contractor shall then be provided an additional seven (7) calendar days to correct, repair, and/or modify the nonconformity and for the State to test the specific unit of equipment ("**Retesting Period**"). Only such installed single unit of equipment that failed to materially conform to Contractor's published performance specifications during the State Review Period will be subject to the Retesting Period. The installed single unit of equipment will be deemed accepted by the State at the end of the Retesting Period unless the State has notified Contractor in writing that the specific unit of equipment failed to conform to Contractor's published specifications during the Retesting Period.

If the installed single unit of equipment does not materially conform to Contractor's published performance specifications during the Retesting Period, the State shall allow further correction efforts by Contractor with respect to only the installed single unit of equipment that failed both the State Review Period and the Retesting Period. The time periods set forth in this Section for corrections and retesting may be altered by mutual agreement between the State and Contractor. For the avoidance of doubt, for each installed unit of equipment that has demonstrated its material conformance to Contractor's published performance specifications during the State Review Period, such installed unit of equipment will be deemed to be accepted by the State. During the entire duration of the State Review Period and/or Retesting Period, the State's live mail will be used to perform initial job set-up, making necessary adjustments, operator training and testing purposes. However, the State cannot use any units of the equipment for production purposes, including but not limited to processing normal, daily mail volumes. If any units of the equipment have not been formally accepted by the Contractor at the conclusion of the State Review Period and/or Retesting Period, but the State nevertheless chooses to

use the equipment for productive purposes of any kind, including but not limited to scanning, and/or extracting normal, daily mail and/or media, then the equipment will be deemed to be accepted by the State.

17. **Delivery.** Contractor must deliver all Contract Activities F.O.B. destination, within the State premises with transportation and handling -charges paid by Contractor, unless otherwise specified in Schedule B. All containers and packaging become the State's exclusive property upon acceptance. The estimated delivery date for the equipment listed in Schedule B is one hundred twenty consecutive calendar days (120) from the Effective Date of this Contract.
18. **Risk of Loss and Title.** Until final acceptance, title and risk of loss or damage to the equipment portion of the Contract Activities -remains with Contractor except that the State will be responsible for loss or damage to the equipment caused by State's or its employees and/or agents' acts or omissions after delivery. The State shall reimburse Contractor for the cost of repairing and/or replacing the equipment due to any loss or damage to the equipment caused by State. Contractor is responsible for filing, processing, and collecting all damage claims. The State's acceptance of the equipment portion of the Contract Activities shall be in accordance with the terms set forth under Section 16 above titled "Acceptance." The State **will record and report to Contractor any evidence of visible damage. If the State rejects the Contract Activities**, Contractor must remove them from the premises within 20 calendar days after notification of rejection. The risk of loss of rejected or non-conforming Contract Activities remains with Contractor. Rejected Contract Activities not removed by Contractor within 20 calendar -days -will be deemed abandoned by Contractor, and the State will have the right to dispose of it as its own property. Contractor must reimburse the State for costs and expenses incurred in storing or effecting removal or disposition of rejected Contract Activities.
19. **Warranty Period; Warranty Terms For Purchase of the Equipment.** The warranty period, for the purchase of the equipment is thirty (30) calendar days from the date of installation. The warranty terms for the purchase of the new equipment and the State's remedies for a breach of equipment warranty shall be solely and exclusively be based on the warranty terms set forth in Contractor's proposal dated February 26, 2019 (# 156704-5) for which the equipment warrant terms are on page 85 of Attachment A of this Contract.. If the Contract Activities do not function as warranted during the warranty period, the State may return such non-conforming Contract Activities to the Contractor for a full refund.
20. **Terms of Payment.** Invoices must conform to the requirements communicated from time-to-time by the State. All undisputed amounts are payable within 45 days of the State's receipt. Contractor may only charge for Contract Activities performed as specified in Schedule A. Invoices must include an itemized statement of — all charges and must be received by: sospaymentprocess@michigan.gov no later than 45 days prior to the beginning of the annual maintenance of the next year-. The payment for the annual services and annual license fees of the Equipment as set forth in Schedule B of this Contract is based on the prepayment annually in advance payment option. -Late payments shall bear interest at the lesser of (i) 2% per month or (ii) the highest permissible rate by law, payable monthly. The State is exempt from State sales tax for direct purchases and may be exempt from federal excise tax, if Services purchased under this Agreement are for the State's exclusive use. Notwithstanding the foregoing, all prices are inclusive of taxes, and Contractor is responsible for all sales, use and excise taxes, and any other similar taxes, duties and charges of any kind imposed by any federal, state, or local governmental entity on any amounts payable by the State under this Contract. The State has the right to withhold payment of any disputed amounts until the parties agree as to the validity of the disputed amount. The State will notify Contractor of any dispute within a reasonable time. Payment by the State will not constitute a waiver of any rights as to Contractor's continuing obligations, including claims for deficiencies or substandard Contract Activities. Contractor's acceptance of final payment by the State constitutes a waiver of all claims by Contractor against the State for payment under this Contract, other than those claims previously filed in writing on a timely basis and still disputed. The State will only disburse payments under this Contract through Electronic Funds Transfer (EFT). Contractor must register with the State at <http://www.michigan.gov/SIGMAVSS> to receive electronic fund transfer payments. If Contractor does not register, the State is not liable for failure to provide payment. Without prejudice to any other right or remedy it may have, the State reserves the right to set off at any time any amount then due and owing to it by Contractor against any amount payable by the State to Contractor under this Contract.
21. **Reserved.**

- 22. Stop Work Order.** The State may suspend any or all activities under the Contract at any time. The State will provide Contractor a written stop work order detailing the suspension. Contractor must comply with the stop work order upon receipt. Within 90 calendar days, or any longer period agreed to by Contractor, the State will either: (a) issue a notice authorizing Contractor to resume work, or (b) terminate the Contract or purchase order. The State will not pay for Contract Activities, Contractor's lost profits, or any additional compensation during a stop work period.
- 23. Termination for Cause.** The State may terminate this Contract for cause, in whole or in part, if Contractor, as determined by the State: (a) endangers the value, integrity, or security of any location, data, or personnel; (b) becomes insolvent, petitions for bankruptcy court proceedings, or has an involuntary bankruptcy proceeding filed against it by any creditor; (c) engages in any conduct that may expose the State to liability; (d) breaches any of its material duties or obligations; or (e) fails to cure a breach within the time as stated in this Section 23. Any reference to specific breaches being material breaches within this Contract will not be construed to mean that other breaches are not material.

If the State terminates this Contract under this Section, the State will issue a written termination notice specifying the cure period to remedy such breach which shall be at least forty-five (45) calendar days from the date Contractor receives the written termination notice and such notice shall include a detailed description of the breach(es). Upon conclusion of the forty-five (45) calendar day cure period and in the event Contractor has not cured the breach, in the State's reasonable judgement, then the State may, by giving notice to Contractor, terminate the Contract, in whole or in part, without liability as of a date specified in the written notice of termination. If it is later determined that Contractor was not in breach of the Contract, the termination will be deemed to have been a Termination for Convenience, effective as of the same date, and the rights and obligations of the parties will be limited to those provided in Section 24, Termination for Convenience.

The State will only pay for amounts due to Contractor for Contract Activities accepted by the State on or before the effective date of termination, subject to the State's right to set off any amounts owed by the Contractor for the State's reasonable costs in terminating this Contract. The Contractor must pay all reasonable costs incurred by the State in terminating this Contract for cause, including administrative costs, attorneys' fees, court costs, transition costs, and any costs the State incurs to procure the Contract Activities from other sources.

- 24. Termination for Convenience.** With respect to the services that will be performed by the Contractor under this Contract, the State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls by providing at least sixty (60) calendar days prior written notice to Contractor. With respect to the State's one-time purchase of the equipment in accordance with the prices set forth under Schedule B of this Contract, the State may immediately terminate this Contract in whole or in part without penalty and for any reason, including but not limited to, appropriation or budget shortfalls by providing at least sixty (60) calendar days prior Contractor's estimated shipment date of the equipment. The termination notice will specify whether Contractor must: (a) cease performance of the Contract Activities immediately, or (b) continue to perform the Contract Activities in accordance with Section 25, Transition Responsibilities. If the State terminates this Contract for convenience, the State will pay all reasonable costs, as determined by the State, for State approved Transition Responsibilities.

- 25. Transition Responsibilities.** Upon termination or expiration of this Contract and/or expiration and/or termination of any renewal term(s) as set forth on the cover sheet of this Contract for any reason, Contractor must, for a period of time specified by the State (not to exceed 90 consecutive calendar days from the termination and/or expiration date of this Contract), provide all reasonable transition assistance requested by the State, to allow for the expired or terminated services based only portion of the Contract Activities to continue without interruption or adverse effect, and to facilitate the orderly transfer of such services based only Contract Activities to the State. Subject to the terms set forth under Section 25.1, such transition assistance may include, but is not limited to: (a) continuing to perform the services based only portion of the Contract Activities at the Contractor's then current published rates; (b) taking all reasonable and necessary measures to transition performance of the services, to the State based on Contractor's then current published rates; (c) taking all necessary and appropriate steps, or such other action as the State may direct, to preserve, maintain, protect, or return to the State all materials, data, property, and confidential information provided directly or indirectly to Contractor by any entity, agent, vendor, or employee of the State; and (d) preparing an accurate accounting from which the State and Contractor may reconcile all outstanding accounts (collectively, "**Transition Responsibilities**").

25.1 For the avoidance of doubt and notwithstanding anything in the Contract to the contrary, with respect to Contractor's performance of its Transition Responsibilities pursuant to this Section 25, Contractor shall not be required to: (i) provide any proprietary materials to any third party, (ii) transfer any of Contractor's intellectual property rights in the equipment, (iii) train any third party to provide the services or (iv) license Contractor's

proprietary diagnostic software (except to the State under a non-exclusive, non-transferable and personal limited license in the event that the State chooses to enter into a separate self-maintenance agreement directly with Contractor pursuant to Contractor's then current terms, conditions and rates for self-maintenance service). Furthermore, following the termination and/or expiration of this Contract including the applicable renewal term(s), in the event the State, at its discretion, chooses to continue operation of the equipment, then the State shall agree to submit payment of the applicable annual software license fees based on Contractor's then current published rates and terms. This Contract will automatically be extended through the end of the transition period which shall not to exceed 90 consecutive calendar days from the termination and/or expiration date of this Contract.

- 26. General Indemnification.** Contractor must defend, indemnify and hold the State, its departments, divisions, agencies, offices, commissions, officers, and employees harmless, without limitation, from and against any and all actions, claims, losses, liabilities, damages, costs, attorney fees, and expenses (including those required to establish the right to indemnification), arising out of or relating to: (a) any breach by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable) of any of the promises, agreements, representations, warranties, or insurance requirements contained in this Contract; (b) any infringement, misappropriation, or other violation of any intellectual property right or other right of any third party for which the intellectual property indemnification terms and remedies for this Section 26(b) shall be exclusively governed by the terms set forth under Section 27 below; (c) any bodily injury, death, or damage to real or tangible personal property occurring wholly or in part due to action or inaction by Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable); and (d) any acts or omissions of Contractor (or any of Contractor's employees, agents, subcontractors, or by anyone else for whose acts any of them may be liable).—

The State will notify Contractor in writing if indemnification is sought; however, failure to do so will not relieve Contractor, except to the extent that Contractor is materially prejudiced. Contractor must, to the satisfaction of the State, demonstrate its financial ability to carry out these obligations.

The State is entitled to: (i) regular updates on proceeding status; (ii) participate in the defense of the proceeding; (iii) employ its own counsel; and to (iv) retain control of the defense if the State deems necessary. Contractor will not, without the State's written consent (not to be unreasonably withheld), settle, compromise, or consent to the entry of any judgment in or otherwise seek to terminate any claim, action, or proceeding. To the extent that any State employee, official, or law may be involved or challenged, the State may, at its own expense, control the defense of that portion of the claim.

Any litigation activity on behalf of the State, or any of its subdivisions under this Section, must be coordinated with the Department of Attorney General. An attorney designated to represent the State may not do so until approved by the Michigan Attorney General and appointed as a Special Assistant Attorney General.

The foregoing indemnification obligations will not apply to any claim under Section 26 titled "General Indemnification" that arises from the sole negligent acts, willful acts, gross negligence or omissions of the State and/or any department, agency, and/or its officers, agents, employees and/or subcontractors of another party and/or contractor. Additionally, Contractor and the State agree that Contractor's indemnity obligation and liability hereunder will be reduced to the extent by which any claim, liability, loss, damage, or expense results from the negligence or misconduct of the State and/or any department, agency, and/or its officers, agents, servants, employees and/or subcontractors of another party and/or contractor.

- 27. Intellectual Property Infringement Indemnification and Remedies.** Contractor will indemnify, hold harmless and defend the State, at Contractor's expense, from and against any claim brought against that the State alleging that any portion of the equipment or services infringes a United States, Canadian and/or European copyright, patent, trademark, or trade secret infringement claim of any third party; and Contractor shall hold the State harmless from and against all costs and damages finally awarded, provided that Contractor is given prompt written notice of such claim and is given information, reasonable assistance, and sole authority to defend or settle the claim under this Section 27. In the defense or settlement of a claim pursuant to this Section 27, Contractor shall:
- (a) procure for the State the right to continue using the equipment, or service, or if this option is not reasonably available to Contractor, (b) replace or modify the same so that it becomes non-infringing; or (c) if remedies under Section 27(a) and (b) are not reasonably available, grant the State a depreciated refund pro-rata based upon a sixty (60) month life, measured from the original installation date of the equipment. .

Contractor shall not have any liability if the alleged infringement is based upon the use or sale of the equipment in combination with other products or devices not furnished or approved by Contractor. CONTRACTOR DISCLAIMS ALL OTHER LIABILITY FOR PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, INCLUDING ANY INCIDENTAL INDIRECT, SPECIAL AND/OR CONSEQUENTIAL DAMAGES, AND THE

RIGHTS STATED HEREIN ARE THE STATE'S SOLE AND EXCLUSIVE REMEDY.

- 28. Limitation of Liability and Disclaimer of Damages** Except to the extent that liability arises from: (i) instances of gross negligence or willful misconduct for which Contractor's maximum liability for direct damages shall be unlimited; (ii) a breach by either party of its confidentiality obligations in Section 32 below for which Contractor's maximum liability for direct damages shall be unlimited; or (iii) instances of personal injury to or the death of persons or damage to tangible property resulting from, or connected with, the performance of the Contract and to the extent caused by the negligence, or omission to act (and in which event Contractor shall be responsible for such indemnity claim under this Section 28(iii) in an aggregate amount not to exceed One Million Five Hundred Thousand and 00/100 US Dollars (USD \$1,500,000.00), **IN NO EVENT WILL THE CONTRACTOR AND/OR THE STATE'S AGGREGATE LIABILITY TO THE OTHER PARTY OR A THIRD PARTY FOR DIRECT DAMAGES UNDER THIS CONTRACT, REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR BY STATUTE OR OTHERWISE, FOR ANY CLAIM RELATED TO OR ARISING UNDER THIS CONTRACT, EXCEED THE EQUIPMENT PURCHASE PRICE AS SET FORTH UNDER SCHEDULE B OF.** Furthermore, the State and the Contractor is not liable to the other or a third party for loss of profits, revenue, or loss or inaccuracy of data, punitive, consequential, incidental, indirect, or special damages, regardless of the nature of the action without limitation in an action in negligence, contract or tort or based on a warranty or otherwise for any claims arising out of this Contract. The obligation of Contractor to provide the insurance specified in Section 6 above titled "Insurance Requirements" shall not limit in any way Contractor's liabilities as provided herein this Section 28. **THE FOREGOING PROVISION SETS FORTH THE ENTIRE LIABILITY, AND OBLIGATIONS OF CONTRACTOR AND THE SOLE AND EXCLUSIVE RIGHTS AND REMEDIES OF THE STATE WITH RESPECT TO ANY CLAIMS UNDER THIS CONTRACT.**
- 29. Disclosure of Litigation, or Other Proceeding.** Contractor must notify the State within 14 calendar days of receiving notice of any litigation, investigation, arbitration, or other proceeding (collectively, "**Proceeding**") involving Contractor, a subcontractor, or an officer or director of Contractor or subcontractor, that arises during the term of the Contract, including: (a) a criminal Proceeding; (b) a parole or probation Proceeding; (c) a Proceeding under the Sarbanes-Oxley Act; (d) a civil Proceeding involving: (1) a claim that might reasonably be expected to adversely affect Contractor's viability or financial stability; or (2) a governmental or public entity's claim or written allegation of fraud; or (e) a Proceeding involving any license that Contractor is required to possess in order to perform under this Contract.
- 30. State Data.** All data and information provided to Contractor by or on behalf of the State, and all data and information derived therefrom, is the exclusive property of the State ("**State Data**"); this definition is to be construed as broadly as possible. Upon request and to the limited extent that is applicable to Contractor, Contractor must provide to the State, or a third party designated by the State, all State Data within 10 calendar days of the request and in the format requested by the State. Contractor will assume all costs incurred in compiling and supplying State Data. No State Data may be used for any marketing purposes. For the avoidance of doubt, Contractor does not access, receive process, transport, transmit, and/or store any confidential State Data. All the equipment will be owned by the State, installed at the State's site and used and/or operated exclusively by the State. As such, the process of operating the equipment installed at the State's site is determined, controlled and/or managed exclusively by the State. Furthermore, the process of how the data is transferred once the State processes its mail and/or its documents using the equipment is exclusively determined, controlled and/or managed by the State.
- 31. Reserved.**
- 32. Non-Disclosure of Confidential Information.** The parties acknowledge that each party may be exposed to or acquire communication or data of the other party that is confidential, privileged communication not intended to be disclosed to third parties. The provisions of this Section survive the termination of this Contract.
- a. Meaning of Confidential Information. For the purposes of this Contract, the term "**Confidential Information**" means all information and documentation of a party that: (a) has been marked "confidential" or with words of similar meaning, at the time of disclosure by such party; (b) Information disclosed orally or visually, or in writing without an appropriate letter, proprietary stamp or legend, if it would be apparent to a reasonable person, familiar with either party's business and the industry in which it operates, that such information is of a confidential or proprietary nature and, (c) should reasonably be recognized as confidential information of the disclosing party. The term "Confidential Information" does not include any information or documentation that was: (a) subject to disclosure under the Michigan Freedom of Information Act (FOIA); (b) already in the possession of the receiving party without an obligation of confidentiality; (c) developed independently by the receiving party, as demonstrated by the receiving party, without violating the disclosing party's proprietary rights; (d) obtained from a source other

than the disclosing party without an obligation of confidentiality; or, (e) publicly available when received, or thereafter became publicly available (other than through any unauthorized disclosure by, through, or on behalf of, the receiving party). For purposes of this Contract, in all cases and for all matters, State Data is deemed to be Confidential Information.

- b. Obligation of Confidentiality. The parties agree to hold all Confidential Information in strict confidence and not to copy, reproduce, sell, transfer, or otherwise dispose of, give or disclose such Confidential Information to third parties other than employees, agents, or subcontractors of a party who have a need to know in connection with this Contract or to use such Confidential Information for any purposes whatsoever other than the performance of this Contract. The parties agree to advise and require their respective employees, agents, and subcontractors of their obligations to keep all Confidential Information confidential. Disclosure to a subcontractor is permissible where: (a) use of a subcontractor is authorized under this Contract; (b) the disclosure is necessary or otherwise naturally occurs in connection with work that is within the subcontractor's responsibilities; and (c) Contractor obligates the subcontractor in a written contract to maintain the State's Confidential Information in confidence. At the State's request, any employee of Contractor or any subcontractor may be required to execute a separate agreement to be bound by the provisions of this Section.
- c. Cooperation to Prevent Disclosure of Confidential Information. Each party must use its best efforts to assist the other party in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the foregoing, each party must advise the other party immediately in the event either party learns or has reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Contract and each party will cooperate with the other party in seeking injunctive or other equitable relief against any such person.
- d. Remedies for Breach of Obligation of Confidentiality. Each party acknowledges that breach of its obligation of confidentiality may give rise to irreparable injury to the other party, which damage may be inadequately compensable in the form of monetary damages. Accordingly, a party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies which may be available, to include, in the case of the State, at the sole election of the State, the immediate termination, without liability to the State, of this Contract or any Statement of Work corresponding to the breach or threatened breach.
- e. Surrender of Confidential Information upon Termination. Upon termination of this Contract or a Statement of Work, in whole or in part, each party must, within 5 calendar days from the date of termination, return to the other party any and all Confidential Information received from the other party, or created or received by a party on behalf of the other party, which are in such party's possession, custody, or control; provided, however, that Contractor must return State Data to the State following the timeframe and procedure described further in this Contract. Should Contractor or the State determine that the return of any Confidential Information is not feasible, such party must destroy the Confidential Information and must certify the same in writing within 5 calendar days from the date of termination to the other party. However, the State's legal ability to destroy Contractor data may be restricted by its retention and disposal schedule, in which case Contractor's Confidential Information will be destroyed after the retention period expires.

33. **Reserved.**

34. **Reserved.**

35. **Reserved.**

36. **Records Maintenance, Inspection, Examination, and Audit.** The State or its designee may audit Contractor to verify compliance with this Contract. Contractor must retain and provide to the State or its designee and the auditor general upon request, all financial and accounting records related to the Contract through the term of the Contract and for 4 years after the latter of termination, expiration, or final payment under this Contract or any extension ("**Audit Period**"). If an audit, litigation, or other action involving the records is initiated before the end of the Audit Period, Contractor must retain the records until all issues are resolved.

Within twenty-five (25) calendar days of providing written notice, the State and its authorized representatives or designees have the right to enter and inspect Contractor's premises or any other places where Contract Activities are being performed, and examine, copy, and audit all records related to this Contract. Contractor must cooperate and provide reasonable assistance. If any financial errors are revealed, the amount in error must be reflected as

a credit or debit on subsequent invoices until the amount is paid or refunded. Any remaining balance at the end of the Contract must be paid or refunded within 45 calendar days.

This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.

- 37. Warranties and Representations.** Contractor represents and warrants unless indicated differently in Schedule A: (a) Contractor is the owner or licensee of any Contract Activities that it licenses, sells, or develops and Contractor has the rights necessary to convey title, ownership rights, or licensed use; (b) all Contract Activities are delivered free from any security interest, lien, or encumbrance and will continue in that respect; (c) the Contract Activities will not infringe the patent, trademark, copyright, trade secret, or other proprietary rights of any third party; (d) Contractor must assign or otherwise transfer to the State or its designee any manufacturer's warranty for the Contract Activities, if applicable; (e) the Contract Activities shall meet Contractor's published equipment specifications as provided in Schedule A of this Contract; (f) the warranty terms for the purchase of the new equipment shall be based solely and exclusively on the terms set forth in Contractor's proposal dated February 26, 2019 (# 156704-5) for which the equipment warranty terms are on page 85 of Attachment A of this Contract; (g) the services based warranty terms shall be based solely and exclusively on the terms set forth on page 76-77 (Attachment A; On-Call Maintenance Agreement) which shall become effective immediately following conclusion of the thirty (30) calendar day warranty period under Section 37(f); (h) the Contract signatory has the authority to enter into this Contract; (i) all information furnished by Contractor in connection with the Contract fairly and accurately represents Contractor's business, properties, finances, and operations as of the dates covered by the information, and Contractor will inform the State of any material adverse changes; (j) all information furnished and representations made in connection with the award of this Contract is true, accurate, and complete, and contains no false statements or omits any fact that would make the information misleading; and that (k) Contractor is neither currently engaged in nor will engage in the boycott of a person based in or doing business with a strategic partner as described in 22 USC 8601 to 8606. A breach of this Section is considered a material breach of this Contract, which entitles the State to terminate this Contract under Section 23, Termination for Cause.
- 38. Conflicts and Ethics.** Contractor will uphold high ethical standards and is prohibited from: (a) holding or acquiring an interest that would conflict with this Contract; (b) doing anything that creates an appearance of impropriety with respect to the award or performance of the Contract; (c) attempting to influence or appearing to influence any State employee by the direct or indirect offer of anything of value; or (d) paying or agreeing to pay any person, other than employees and consultants working for Contractor, any consideration contingent upon the award of the Contract. Contractor must immediately notify the State of any violation or potential violation of these standards. This Section applies to Contractor, any parent, affiliate, or subsidiary organization of Contractor, and any subcontractor that performs Contract Activities in connection with this Contract.
- 39. Compliance with Laws.** Contractor must comply with all federal, state and local laws, rules and regulations, to the extent that is applicable to the Contract Activities.
- 40. Reserved.**
- 41. Reserved.**
- 42. Nondiscrimination.** Under the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and [Executive Directive 2019-09](#). Contractor and its subcontractors agree not to discriminate against an employee or applicant for employment with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex (as defined in Executive Directive 2019-09), height, weight, marital status, partisan considerations, any mental or physical disability, or genetic information that is unrelated to the person's ability to perform the duties of a particular job or position. Breach of this covenant is a material breach of this Contract.
- 43. Unfair Labor Practice.** Under MCL 423.324, the State may void any Contract with a Contractor or subcontractor who appears on the Unfair Labor Practice register compiled under MCL 423.322.
- 44. Governing Law.** This Contract is governed, construed, and enforced in accordance with Michigan law, excluding choice-of-law principles, and all claims relating to or arising out of this Contract are governed by Michigan law, excluding choice-of-law principles. Any dispute arising from this Contract must be resolved in Michigan Court of Claims. Contractor consents to venue in Ingham County, and waives any objections, such as lack of personal jurisdiction or *forum non conveniens*. Contractor must appoint agents in Michigan to receive service of process.

- 45. Non-Exclusivity.** Nothing contained in this Contract is intended nor will be construed as creating any requirements contract with Contractor. This Contract does not restrict the State or its agencies from acquiring similar, equal, or like Contract Activities from other sources.

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46. **Force Majeure.** Neither party will be in breach of this Contract because of any failure arising from any disaster or acts of god that are beyond their control and without their fault or negligence. Each party will use commercially reasonable efforts to resume performance. Contractor will not be relieved of a breach or delay caused by its subcontractors. If immediate performance is necessary to ensure public health and safety, the State may immediately contract with a third party.
47. **Dispute Resolution.** The parties will endeavor to resolve any Contract dispute in accordance with this provision. The dispute will be referred to the parties' respective Contract Administrators or Program Managers. Such referral must include a description of the issues and all supporting documentation. The parties must submit the dispute to a senior executive if unable to resolve the dispute within 15 business days. The parties will continue performing while a dispute is being resolved, unless the dispute precludes performance. A dispute involving payment does not preclude performance.
- Litigation to resolve the dispute will not be instituted until after the dispute has been elevated to the parties' senior executive and either concludes that resolution is unlikely or fails to respond within 15 business days. The parties are not prohibited from instituting formal proceedings: (a) to avoid the expiration of statute of limitations period; (b) to preserve a superior position with respect to creditors; or (c) where a party makes a determination that a temporary restraining order or other injunctive relief is the only adequate remedy. This Section does not limit the State's right to terminate the Contract.
48. **Media Releases.** News releases (including promotional literature and commercial advertisements) pertaining to the Contract or project to which it relates must not be made without prior written State approval, and then only in accordance with the explicit written instructions of the State.
49. **Website Incorporation.** The State is not bound by any content on Contractor's website unless expressly incorporated directly into this Contract.
50. **Entire Agreement and Order of Precedence.** This Contract, which includes Schedule A – Statement of Work, and expressly incorporated schedules and exhibits, is the entire agreement of the parties related to the Contract Activities. This Contract supersedes and replaces all previous understandings and agreements between the parties for the Contract Activities. If there is a conflict between documents, the order of precedence is: (a) first, this Contract, excluding its schedules, exhibits, and Schedule A – Statement of Work; (b) second, Schedule A – Statement of Work as of the Effective Date (excluding purchase, maintenance and/or license prices); (c) third, Schedule B – Pricing; For avoidance of doubt, the purchase prices and the annual maintenance and license prices for the equipment shall exclusively govern this Contract; and (d) third, all other schedules expressly incorporated into this Contract as of the Effective Date. NO TERMS ON CONTRACTOR'S INVOICES, ORDERING DOCUMENTS, WEBSITE, BROWSE-WRAP, SHRINK-WRAP, CLICK-WRAP, CLICK- THROUGH OR OTHER NON-NEGOTIATED TERMS AND CONDITIONS PROVIDED WITH ANY OF THE CONTRACT ACTIVITIES WILL CONSTITUTE A PART OR AMENDMENT OF THIS CONTRACT OR IS BINDING ON THE STATE FOR ANY PURPOSE. ALL SUCH OTHER TERMS AND CONDITIONS HAVE NO FORCE AND EFFECT AND ARE DEEMED REJECTED BY THE STATE, EVEN IF ACCESS TO OR USE OF THE CONTRACT ACTIVITIES REQUIRES AFFIRMATIVE ACCEPTANCE OF SUCH TERMS AND CONDITIONS.
51. **Severability.** If any part of this Contract is held invalid or unenforceable, by any court of competent jurisdiction, that part will be deemed deleted from this Contract and the severed part will be replaced by agreed upon language that achieves the same or similar objectives. The remaining Contract will continue in full force and effect.
52. **Waiver.** Failure to enforce any provision of this Contract will not constitute a waiver.
53. **Survival.** The provisions of this Contract that impose continuing obligations, including warranties and representations, termination, transition, insurance coverage, indemnification, and confidentiality, will survive the expiration or termination of this Contract.
54. **Contract Modification.** This Contract may not be amended except by signed agreement between the parties (a "Contract Change Notice"). Notwithstanding the foregoing, no subsequent Statement of Work or Contract Change Notice executed after the Effective Date will be construed to amend this Contract unless it specifically states its intent to do so and cites the section or sections amended.

STATE OF MICHIGAN

Request for Proposal 231, 180000000759
Remittance Processor Equipment & Maintenance

SCHEDULE A STATEMENT OF WORK CONTRACT ACTIVITIES

This schedule identifies the anticipated requirements of any Contract resulting from this RFQ. The term "Contractor" in this document refers to a bidder responding to this RFQ and may also be referenced as "Vendor" or "OPEX."

The Contractor must respond to each requirement or question and explain how it will fulfill each requirement. Attach any supplemental information and appropriately reference within your response.

BACKGROUND

The State of Michigan currently utilizes a Burroughs Quantum DS600 remittance processor to handle incoming mail for driver and vehicle renewal transactions. This equipment is nearing its end of life and the Department of State is looking for equipment to replace it. The preferred equipment will utilize all the current Unisys software currently in place on the Quantum DS600 and produce the same output file. The equipment must be able to process approximately 1.6 million transactions per year.

SCOPE

Selected vendor will provide new remittance processor equipment and associated yearly maintenance costs.

REQUIREMENTS

1. General Requirements

1.1. Product Specifications

- Output file must match the file currently created by the Burroughs Quantum DS600 legacy equipment.
- Must interface with the MDOS Unisys Remittance Processor and Lockbox software.
- Must provide service and maintenance programs.
- Must be able to provide a demonstration of any proposed solution upon request.
- Must be capable of processing at least 400 documents per minute.
- Must have features to defeat and overcome jamming and read failures.
- Must be able to handle documents of varying sizes in sequence without interruption.
- Must provide space requirements for any proposed solutions.
- Must provide sample workflows for how the equipment can be best utilized.

Vendor Response:

Requirements:

Output file must match the file currently created by the Quantum DS600

OPEX Response: Yes. OPEX scanners can create 3 different output file formats that include images and metadata and will fit all downstream vendor systems.

First two output formats:

OXI/ODI. OPEX scanners can produce images and metadata in fixed output formats ingestible by downstream software vendors. Images are output as Single Image TIFF's, JPG's or our proprietary IEM formats or PDF's, and metadata is output as fixed format tab delimited text or XML.

Third output format: (Recommended for State of Michigan)

Custom Output: Batch Transform creates custom images and metadata to match the end user's import requirements. Multi Image TIFF and PDF, as well as searchable PDF images, at any granularity of batch level, along with associated Custom Delimited Text and/or Custom XML metadata output, to more closely match the input requirements of any downstream software being fed from a Falcon.

Additionally, advanced capabilities such as Virtual Batches, where numerous output files can be created from a single source batch, Index Fields and Table Lookup are also included to provide even more value to the end user. Though the Batch Transform User Interface Tool is made available to end users, these transforms are typically created by OPEX Professional Services staff based on end user requirements. Should the state choose this option, a one-time fee of \$2,500.00 (pre-tax) will apply.

Must interface with the MDOS Unisys Remittance Processor and Lockbox Software

OPEX Response: Yes. All 3 eligible output formats, OXI, ODI, or Custom, will be placed in a pre-defined and secure network folder location for ingestion into the MDOS Unisys Remittance Processor and Lockbox Software

Must provide service and maintenance programs

OPEX Response: Yes, OPEX meets this requirement. OPEX is the sole source service provider for OPEX Equipment. OPEX's response to RFQ includes OPEX Maintenance Services. Please see Section VI (page 15-16; pages 51-52 of this Contract) for OPEX's full maintenance service pricing and terms.

Must be able to provide a demonstration of any proposed solution upon request

OPEX Response: Yes, OPEX can meet this requirement. OPEX can provide a demonstration of the functions and features of the OPEX Falcon should State of Michigan request a demonstration. For clarity purposes, OPEX has provided and completed a demonstration of the OPEX Falcon in October of 2018.

Must be capable of processing at least 200 documents per minute

OPEX Response: The OPEX physical imager captures 300 pixels per one inch of the paper in both the portrait and landscape direction. This produces more fidelity and a sharper image than a capture of 200dpi that is then up-scaled to 300dpi through software interpolation.

The Falcon can produce, in nearly all typical cases, full color images at 24ips, equating to 110 to 120 pages per minute, at 300dpi native resolution, while performing document classification without throttling or running out of production time.

There is an important difference between "burst" rate and "effective" rate, when considering scanning speed. Burst rate is the published speed based on 100% accurate performance. Effective rate is the actual speed of scanning when all components such as start time, jam rates etc. are added into the calculation.

In recent side by side time trials, OPEX scanners out-performed transports for sustained processing speeds due primarily to the nature of the OPEX continuous feed feeder. OPEX allows the operator to keep the feeder full of paper at all times, so that the scanner is not in a stop and start mode, even when closing and opening new batches.

OPEX introduced scanning at the extraction step, which entirely eliminates the need to scan on a "transport". As such, OPEX eliminated the step that would have required 200/minute or

400/minute imaging. Transports, like the transports currently owned by the State today, are not even necessary with the OPEX approach.

Must have features to defeat and overcome jamming and read failures

OPEX Response: Yes, OPEX meets this requirement. OPEX Scanners typically do not experience many jamming and read failures, primarily due to the engineering and technology implemented on each scanner.

Following are examples of technology currently used to promote fast and continuous feed scanning (not a complete list):

Magnetic MICR Read is an electronic component that reads numbers from documents that are printed with ink containing magnetic properties, most typically checks. Magnetic MICR is the preferred way to read the data that is printed on Checks. The ink on commercially printed checks contains magnetic properties that allow a magnetic read head to understand and output the various data fields on the check such as the Bank Routing & Transit Number. This type of read is superior to OCR for this font, called E13B, because the read is unaffected by any other printed or interfering handwriting and produces a more accurate read than scanners that only read it optically.

The system is capable of performing a template based OCR read of up to six fields per sheet, containing one of three general character sets, or fonts; OCR A, OCR B and E13B commonly known as MICR. We read both alpha and numeric characters that meet or approximate the ANSI standards for those fonts in such characteristics as character height, width, stroke width, pitch, etc. In all cases, for a given field we must have pre-defined the font we expect to find when we attempt to read the data in that field's location on a page.

Multi-font allows us to attempt to read any characters we find in the field from any type of font; Courier, Times New Roman, Ariel, etc. without knowing in advance what font will be there.

Streak Detect is the ability of CertainScan to detect scanner induced streaks on an image. The system can be set to warn an operator or stop the scanner when a set number of sequential images are suspected of having a streak in the same place, which is indicative of something in the light path of the scanner, likely on the glass.

Image Edge is an alternative Binarizer to the three native ones supplied with each scanner. It is used primarily to help clarify images for the purpose of providing better reading of poor quality barcodes and MICR originals by OPEX CertainScan scanner software.

OPEX Image Tools are a set of specific tools as an optional method image enhancement/manipulation. The tools are:

Auto orientation, where a scanned image, containing machine printed characters is auto rotated to the correct orientation for reading, regardless of the orientation as it passed through the scanner.

Hole Fill replaces punched holes, appearing as black circles on a bi-tonal image, with white pixels; effectively "Filling in" the holes.

Dog Ear Repair performs the same function where the corner of a page is folded over or missing and presents itself as black pixels. These pixels are converted to white; effectively "Repairing" the fold or damage.

For clarity purposes, both OPEX Image Tools option Image Edge option are not configured for purchase under Schedule B of this Contract and can be purchased separately by the State based on Contractor's then current rate.

OPEX Operating Statistics will provide real time data on the # of jams, type of jams and the average clear jam time so that operators and management can track improvements.

Must be able to handle documents of varying sizes in sequence without interruptions

OPEX Response: Yes, OPEX meets this requirement. OPEX scanners provides excellent document separation combined with state of the art Ultrasonic Double Feed detection to ensure accurate, reliable automatic feeding of both single documents, stacks of like size and weight as well as intermixed differing pages, with minimal operator intervention. Documents as small as a business card and as large as a 12.5" x 25" sheet can be run without the need for adjustment, taping, copying or using document carriers. Pages can run with staples, tears, folded corners and other significant damage with nearly no need for prep or repair, allowing maximum throughput and uninterrupted processing.

The feeder can accommodate a stack of paper up to one inch tall, (approximately 240 typical sheets) and, used in conjunction with the feed roller bed where up to three stacks can be loaded, as many as 720 sheets can be loaded on the scanner at one time.

Must provide space requirements for any proposed solutions

OPEX Response: Yes, OPEX meets this requirement. Please refer to Section V Attachment B for the complete installation specifications for the OPEX Falcon and Insight products.

Must provide sample workflows for how the equipment can be utilized

OPEX Response: Yes, OPEX has provided OPEX's understanding of the State of Michigan's current workflow and a workflow diagram of OPEX's proposed solution for how the OPEX Falcon can be utilized.

Must be windows 10 compatible

OPEX Response: Yes, OPEX meets this requirement. The OPEX Falcon configured within OPEX's Response state of Michigan includes Windows 10.

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1.2. Performance Measures

- Output file must match the file currently created by the Quantum DS600.
- Must interface with the MDOS Unisys Remittance Processor and Lockbox software.
- Must be capable of processing at least 400 documents per minute.
- Must have features to defeat and overcome jamming and read failures.
- Must be able to handle documents of varying sizes in sequence without interruption.

Vendor Response:

OPEX Response: Please see OPEX responses to above requirements for all answers to performance measures. Please note, OPEX has provided warranty terms on Section V and maintenance information in Section VI of our response.

OPEX's Approach to Replacing Current Process

Currently the State of Michigan, uses a combination of OPEX Mail Extractors (6-M51's, 1-M72) and a Burroughs Quantum DS600 Transport to open, sort, image and process Driver and Vehicle Renewal Transactions for the State of Michigan.

The Burroughs Quantum DS600 Transport is nearing its end of life cycle and the State of Michigan has asked for information from OPEX to describe our solution for replacing the aging Quantum DS600 Transport.

First and foremost, it is important for the State of Michigan to know that OPEX does not put our hardware in an End of Life scenario.

State of Michigan, Renew by Mail, has been a valued OPEX client since 1999. OPEX Corporation is a recognized global technology leader in high-speed mailroom automation, document imaging, and warehouse automation. Since 1973, OPEX systems have provided performance enhancing workflow solutions and cost-effective results to thousands of governments and organizations around the world.

By controlling all aspects of product design, OPEX is able to deliver high-quality innovative workflow solutions to customers in a wide variety of industries including state and local government, law firms, service bureaus, financial services, insurance, healthcare, retail, non-profits, utilities, telecommunication, educational institutions, and fulfillment operations. Included with this document will be a recap of the current landscape, potential proposed equipment, benefits of equipment, savings and next steps.

Current Landscape

Current hardware:

- Six (6) Model 51 Mail Extractors (OPEX)
- One (1) Model 72 Mail Extractor (OPEX)
- One Burroughs Quantum DS600 Transport

Current volumes:

- Peak 16-20 mails trays daily (each tray is approximately 750 envelopes)
- Non-peak 4 mail trays daily
- Heaviest Mail – Watercraft
- Peak season – January/February
- 1.6m transactions per year = 30,770 transactions per week

FTE:

This fluctuates depending on volumes of mail received, but a maximum of 5 FTE

Workdays and hours:

Monday – Friday 8am to 5pm

Current Throughput:

- Maximum daily processing is approximately 59% of mail on a peak day. This equates to 6,638 pieces of mail (based on 15 trays of mail), with approximately 4,612 pieces of mail carried over for next day processing.
- Assuming 6,638 pieces of mail processed, divided by a 6.5 hr. (productive hour) workday, this equates to 1,021 pieces of mail being processed hourly, split among all operators.

Mail Sorts:

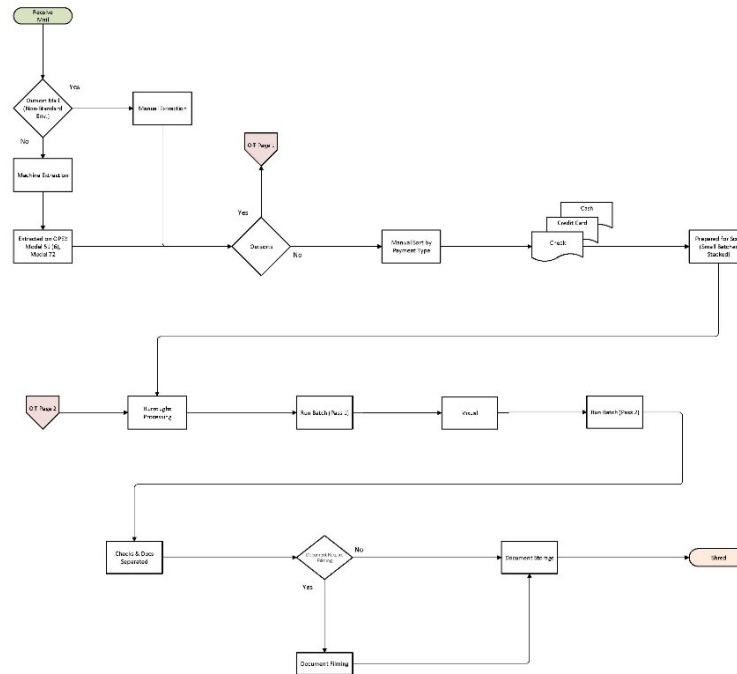
Currently, there are 3 “touches” when sorting mail

- Non-standard envelope
- Mail needing returning
- Mail going to extraction

Additional sorts:

Manual sort by Payment Types, done prior to Burroughs Processing

- Check
- Cash
- Credit Card (eliminated April 2018)



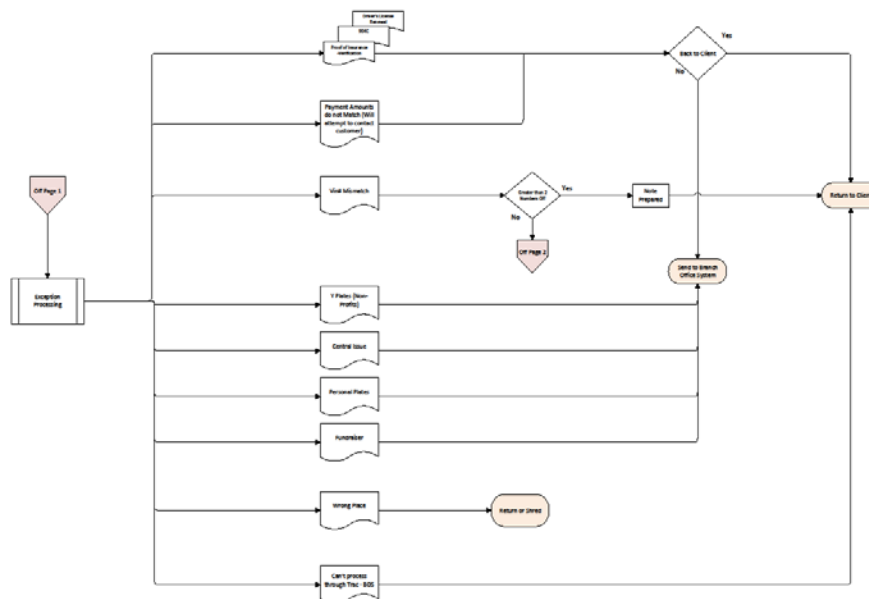
Page 1

* for larger image please see **Attachment C** on page 61 (page 70 of this Contract).

Out-sorts:

Currently, there are 9 reasons for out-sorts. This is mail that will need to be processed through the BOS, returned to the client or sent for shredding.

Please reference the Outsorts Diagram below (**Attachment D**) showing current Out Sorts and Exception processing.



Page 1

Quantum DS600:

Currently a 2 pass system on the Burroughs Quantum DS600

Workflow Analysis

OPEX performed a Workflow Analysis in 2017 in order to better understand the current landscape, as well as, observe bottlenecks in the current process. We have identified where we believe the OPEX scanning solution will have the most impact for process improvements for the State of Michigan, RBM.

There are 3 main areas where OPEX can streamline the current process, enhance the workflow, increase throughput and potentially reduce FTE hours, all of which result in financial savings to the State of Michigan.

Please reference Diagram (**Attachment E**) below showing OPEX's proposed future state.

Incoming Mail

Currently there are 3 sorts to all incoming mail. The OPEX solution will eliminate all pre-opening sorting requirement as all mail will go directly to mail extraction on the current OPEX M51's/M72.

1. Manual Sort by Payment Type

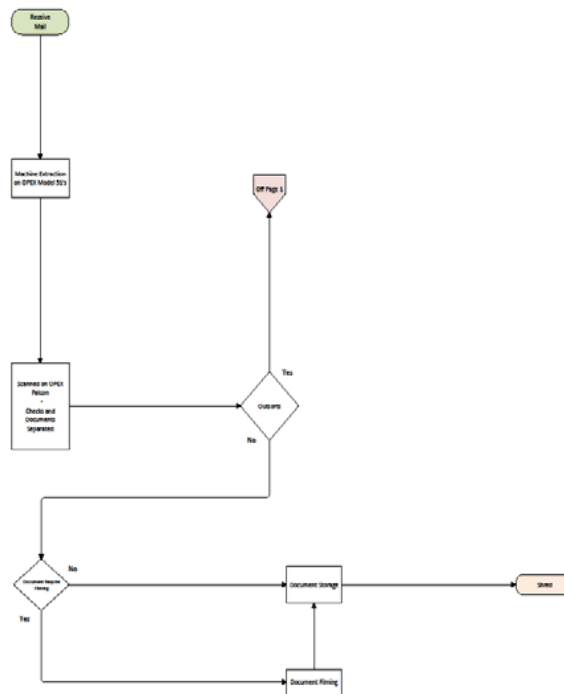
This sort is done after extraction and after out-sorts are determined and in advance of batching the work in preparation for operation on the Quantum DS600. The OPEX solution will eliminate this step entirely. Additionally, the OPEX solution will potentially eliminate the need for “pre-batching” the work prior to scanning.

2. Scanning

Currently the Quantum DS600 is a 2 pass scan process in order to separate checks and documents. The OPEX solution is a 1 pass process and will separate the checks and documents on the first pass. All keying, data entry, validations, inventory assignments will be done, via image at the completion of the scanning.

Please reference Diagram below showing future state processing

State of Michigan – Renew by Mail Future State	April 9, 2018
--	---------------



3. Financial Impact

Based on our knowledge of the current State of Michigan Renew by Mail system, we believe the OPEX solution could potentially reduce FTE requirements by one (1) FTE in this department but this is depending on the speed and efficiency of the State's operator and the State's daily mail volume.

Proposed Solution

OPEX is proposing three (3) FalconRED™ Scanners as a replacement for the Burroughs Quantum DS600. Additionally, we propose the State of Michigan, RBM continues to use the existing OPEX Model 51 extraction desks and also continues to process all exceptions (**Attachment D**) in the same manner they process them today. This would keep the new process very similar to the current process, reducing staff stress, and training and implementation time. The state has the ability to exercise the option of purchasing a 3rd Falcon scanner, if deemed necessary for backup functionality. OPEX can provide pricing directly upon request.

The new process (**Attachment E**) would be considered a modified one touch process and would allow the operators to open all mail at the extractor, creating stacks for out-sorts, and then imaging the eligible transactions on the Falcon™.

Falcon™ combines OPEX's innovative one-step drop feed scanning with the performance of a high-capacity production scanner, providing the only universal document scanning workstation on the market. Regardless of your document scanning needs, Falcon™ is designed to attack the most difficult and daunting workflow challenges.

Falcon™ allows operators to prep and scan documents at a faster rate than most current prep only processes. This significantly reduces costs associated with preparing documents for scanning. In addition, Falcon offers four versatile feeder options: drop-feeder, packet feeder, high capacity feeder, and a unique rescan feeder. Falcon scans everything from single sheets in a wide range of sizes to multiple, large stacks of paper. The Falcon conveyor can hold more than 700 pages at any given time, allowing maximum throughput and uninterrupted processing. From thick paper to onion skin and fragile or damaged pieces, from envelopes and file folders to receipts, to small forms and business cards – nearly any style or type of document can be scanned! With the optional external capture device and software, three dimensional objects can be imaged and placed directly into the electronic record.

For further information on OPEX's FalconRED, please refer to **Section III** on pages 34-36 of OPEX original response and pages 84 & 85 of final proposal -dated 2/26/19 for which the proposal is attached under this Schedule A. For clarification purposes, OPEX's proposal dated 2/26/2019 includes a quote for four (4) OPEX Falcon units and three (3) OPEX Model 72 mail extractor units.

Benefits of Solution

Never End of Life OPEX hardware – no need for re-investment every 5 years

Productivity improvements

Eliminates sorting mail

Eliminates manual payment type sorting

Eliminates second imaging pass

Reduce holdover

Potentially eliminate pre-batching capabilities

Batches ready for keying earlier in day

Integration capabilities with Unisys

Potential Elimination of batch tickets and/or separator sheets

Broad Batch Edit capability

Maintain transaction integrity

Elimination of majority of document preparation

Reduced touches of each piece of mail through use of modified OPEX One Touch Process
Reduced keying errors from image due to poor images
Ability to read scan lines on documents

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- Please reference the diagram (**Attachment F**) below showing current and proposed future state of processing



Describe any warranties included in the bid and explain the process for reporting warranty issues and how the Contractor will handle any repairs or replacements.

Vendor Response:

New OPEX Falcon Warranty

The below include both the Falcon and Insight Warranties for Customer which will commence upon the delivery and installation of the new Equipment at Customer site.

Falcon: OPEX warrants to the original Falcon purchaser that, a.) OPEX shall transfer good title to the product to purchaser; b.) All services provided by OPEX pursuant to this proposal will be performed in a good and workmanlike manner, based upon commercially reasonable practices and standards; and c.) OPEX shall repair or replace defective parts, including labor, and shall perform preventive maintenance at no cost to purchaser **for a period of thirty (30) days commencing from the date of installation.** Labor during the warranty period is limited to OPEX's standard maintenance hours, 7 AM to 3 PM, Monday through Friday, excluding OPEX holidays.

THE FOREGOING EXPRESS WARRANTIES ARE EXCLUSIVE AND MADE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. OPEX SHALL NOT BE LIABLE FOR ANY DAMAGES ARISING OUT OF OR IN CONNECTION WITH ITS PERFORMANCE PURSUANT TO THIS PROPOSAL, THE PRODUCTS OR SERVICES SOLD HEREUNDER, OR THEIR USE BY PURCHASER, AND SHALL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES TO PROPERTY, PERSONS OR OTHERWISE, TO THE FULLEST EXTENT PERMITTED BY LAW, ARISING OUT OF OR IN CONNECTION WITH THIS PROPOSAL, THE PRODUCTS AND SERVICES SOLD HEREUNDER, OR THE OPERATION OF THE PRODUCTS, REGARDLESS OF WHETHER OR NOT OPEX HAS ACTUAL KNOWLEDGE OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. PURCHASER AND OPEX AGREE THAT PURCHASER'S SOLE AND EXCLUSIVE REMEDY SHALL BE LIMITED TO DAMAGES IN AN AMOUNT NOT TO EXCEED THE AMOUNT OF THE PURCHASE PRICE OF A PARTICULAR PRODUCT OR THE COST OF A SERVICE HEREUNDER, WHICHEVER IS LESS. ALL ACTIONS ON THE WARRANTIES HEREUNDER MUST BE COMMENCED WITHIN SIX (6) MONTHS OF THE DATE OF DELIVERY OR BE OTHERWISE LOST. THIS LIMITED WARRANTY AND THE LIMITATION ON REMEDIES CONTAINED HEREIN ARE REFLECTED IN THE PURCHASE PRICE OF THE PRODUCTS.

Insight: OPEX warrants that it has the right to license Customers the use of OPEX Insight Software (the

"SOFTWARE"). Specifically, OPEX warrants that:

(1) the SOFTWARE will perform substantially in accordance with accompanying written materials **for a period of thirty (30) days from the date of installation of the package;**

(2) During the thirty (30) day warranty period, OPEX shall, at its option, provide necessary parts and labor or replace any SOFTWARE as OPEX may deem necessary. OPEX DOES NOT WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE ERROR OR "BUG" FREE, OPEX DOES NOT WARRANT AGAINST THE LOSS OF CUSTOMER DATA, AND OPEX DOES NOT WARRANT OR ASSUME RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION, TEXT, GRAPHICS, LINKS, OR OTHER ITEMS CONTAINED WITHIN THE SOFTWARE; and

(3) the Monitor and Insight Computer accompanying the SOFTWARE will be free from defects in materials and workmanship under normal use and service for a period of ninety (90) days from the date of installation. OPEX's obligations hereunder are limited, at its option, to repair or replacement of the hardware.

OPEX's entire liability and your exclusive remedy shall be limited to, at OPEX's option, either (a) an amount not to exceed the original SOFTWARE licensing fees paid by you, or (b) the cost of repairing or replacing the SOFTWARE or hardware that does not meet OPEX's limited warranty,

whichever is less. All actions on the warranties shall be commenced within six (6) months of the date of delivery or be otherwise lost.

THE LIMITED WARRANTY AND LIMITATION ON REMEDIES ARE REFLECTED IN THE PURCHASE PRICE PAID. EXCEPT AS PROVIDED IN THE APPLICABLE SOFTWARE LICENSING AGREEMENT, THE SOFTWARE IS PRESENTED "AS IS" WITHOUT WARRANTY OF ANY KIND. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, OPEX DISCLAIMS ALL OTHER WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH REGARD TO THE SOFTWARE, ANY WRITTEN MATERIALS ACCOMPANYING THE SOFTWARE, AND ANY ACCOMPANYING HARDWARE. OPEX RESERVES THE RIGHT TO MAKE MODIFICATIONS IN BOTH HARDWARE AND SOFTWARE WITHOUT PRIOR NOTIFICATION.

EXCEPT AS PROVIDED IN THE APPLICABLE SOFTWARE LICENSING AGREEMENT, OPEX SHALL NOT BE LIABLE FOR ANY DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE PERFORMANCE OF THE SOFTWARE, OR ITS USE BY THE CUSTOMER. TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL OPEX BE LIABLE FOR ANY DAMAGES WHATSOEVER (INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, OR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES TO PROPERTY, PERSONS, OR OTHERWISE) ARISING OUT OF OR IN CONNECTION WITH THE SALE OR USE OR INABILITY TO USE THE SOFTWARE, WHETHER OR NOT OPEX HAS ACTUAL KNOWLEDGE OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

OPEX will have no obligation under this limited warranty should the SOFTWARE or equipment be modified, altered, or merged by purchaser or any third party, or if failure of the SOFTWARE results from accident, abuse, or misapplication.

For clarification purposes, OPEX's proposal dated 2/26/2019 includes a quote for four (4) new OPEX Falcon units and three (3) new OPEX Model 72 mail extractor units for which the proposal is incorporated into this Schedule A. As such, the State is not purchasing the Insight product and instead, will only purchase four (4) new OPEX Falcon units and three (3) new OPEX Model 72 mail extractor units. Accordingly, the warranty terms and the thirty (30) calendar day warranty period for the Falcon product will also apply to the Model 72 product. The equipment and service prices for both the Falcon and Model 72 products are reflected in Schedule B of this Contract.

2. Service Levels

2.1. Time Frames for Delivery & Installation

Vendor Response:

Based on current production schedule, delivery for Falcon and the Model 72 shall occur ninety to one hundred and twenty (90 – 120) calendar days from the date OPEX receives a firm and correct purchase order. OPEX's production schedule is subject to change without notice and will be determined at the time we receive your firm purchase order.

Site Preparation

Michigan Department of State shall prepare and make available a safe and suitable place for installation of the OPEX product(s). Preparation of the installation site shall include the responsibility to provide prior to the installation date all electrical and other utility services required for proper installation. Please refer to **Attachment B** (page 59-59; see pages 67 – 69 of this Contract) for the installation specifications for the OPEX products. Michigan shall provide to OPEX the name and phone number of an individual located at Michigan's installation site who shall be responsible for coordination of the installation of the Product(s).

Installation shall be deemed completed upon successful conclusion of OPEX's standard test procedures. OPEX shall be under no obligation to install equipment unless the site is properly prepared and the product(s) and site are made available to OPEX on delivery. In the event that OPEX arrives to install the product(s) and the site preparation has not been properly completed, Michigan shall be responsible for all additional costs and expenses incurred by OPEX as a result thereof; provided that Purchaser shall have the right, by written notice to OPEX given at any time prior to fourteen (14) days before the scheduled date of installation to delay the date of

installation for a period of not more than ten (10) business days, if after diligent efforts Michigan is not able to complete the site preparation. OPEX does not accept responsibility to connect OPEX

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products to equipment not approved by OPEX. Should OPEX at its option, connect these products, OPEX shall have no liability for any damage which may result. In the event that Michigan fails to complete the site preparation within the time periods above, allowance being given to Michigan's right (as set forth above) to extend the installation date by not more than ten (10) business days, interest shall accrue at a rate of (i) 2% per month or (ii) the highest permissible rate by law, payable monthly on the unpaid balance of any payments due hereunder from the last scheduled date of installation until the date installation actually begins.

Installation

The purchase price of the Falcon includes installation of the equipment at a customer site. The OPEX representatives will begin the process of installing the OPEX products immediately following installation. The process for installing the OPEX products shall take approximately five to seven (5-7) business days. Please refer to Attachment B (page 67-69) for the installation specifications for the OPEX products.

2.5. Maintenance

Vendor Response:

OPEX's on-call maintenance program includes all labor and replacement parts excluding consumable items (i.e., toner, ink cartridge, paper, etc.) necessitated by normal wear and tear from normal use of the OPEX products and necessary to maintain the OPEX products in good operating condition. The on-call maintenance program is divided into two (2) parts: Preventive Maintenance Calls and Demand Calls, as detailed below and are to be performed at the Michigan Department of State's site. On-call maintenance services shall be provided in accordance to our then current maintenance agreement. A copy of OPEX's current on-call maintenance agreement including the applicable software use license terms are provided on Attachment H, page 39-46_ (pages 75 – 82 of this Contract) of this response.

Preventive Maintenance Calls: OPEX shall provide regular schedule of preventative maintenance (PM) calls for Falcon on an annual basis.

Demand Calls: Michigan Department of State will also have unlimited demand calls during the contracted service coverage period. When Michigan calls for a demand call, OPEX's service technician will exert all reasonable efforts to arrive at the equipment site within four (4) hours for the for Falcon, from the inception of the call, during OPEX's standard hours of coverage of 7AM-3PM, site local time, Monday through Friday, excluding OPEX holidays.

Upon completion of a preventive maintenance call and/or demand call, OPEX shall furnish a summary of the Maintenance Service provided to Michigan. The Field Service Report shall contain the following information: (1) date and time of arrival; (2) specific identification of the OPEX product serviced; (3) time of Maintenance Service; (4) description of the malfunction (if any); and (5) list of parts replaced. Only new standard parts or parts of equal quality shall be used in providing Maintenance Service.

Response Time

To request service, simply call (1-800-673-9288). Upon receipt of the service request, OPEX will exert all reasonable efforts to arrive at the equipment site within four (4) hours from the time the call is placed, during the contracted hours of on-call coverage, during the hours of 7AM-3PM, site local time, Monday through Friday, excluding OPEX holidays.

Holiday Coverage for Falcon & Insight

OPEX currently observes the following holidays: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Day.

In 2019 OPEX will observe the following holidays: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, Christmas Day.

Updates, Updates and/or Enhancements for Falcon & Insight

For the OPEX products, OPEX shall provide all applicable updates to Michigan at no cost if these updates are provided to OPEX's other similarly situated users also at no cost. As such, any and all upgrades, enhancements, or engineering changes which are offered at an additional cost shall also be made available to the state according to OPEX's published rates and terms then in effect.

Proprietary Products and Software License Terms For OPEX Falcon & Insight

The operation and servicing of OPEX products are based upon proprietary components, processes, software, and technical support materials developed by OPEX Corporation for its exclusive use. These items are covered by various patents and copyrights, and may not be copied, reproduced or altered in any manner without prior written authorization and licensing from an authorized representative at OPEX Corporation. Lastly, the use of these products shall be based on OPEX's then current software use license agreement.

The OPEX Falcon includes base software ("Base Software"). As applicable, OPEX may also make available to you from time to time optional features software for OPEX Falcon ("Optional Features Software"). Both Base Software and Optional Features Software are furnished pursuant to a personal, non-exclusive and non-transferrable license. License fees ("License Fees") for Base Software and Optional Features Software shall be due on an annual recurring basis in accordance with OPEX's published rates and terms then in effect. Such License Fees are in addition to any charges for OPEX maintenance services. As a convenience to you, we may include the License Fees for Base Software in our maintenance service charges. Software licenses are not transferable with the Equipment (e.g., if the Equipment is sold or given to a third party), and all Software must be re-licensed by OPEX based on OPEX's pricing then in effect. Please note that if a Maintenance Agreement is not purchased after the warranty period or is cancelled at any time, Diagnostic Software may be licensed on an annual basis at a fee of \$300 per machine, in accordance with OPEX's terms and conditions then in effect. All terms of the Base Software and Optional Features are based on OPEX's software license agreement.

For clarification purposes, the State is not purchasing the Insight product under this Contract and as such, OPEX's maintenance service responses under Section 2.5 will apply to the State's purchase of four (4) new Falcon units and three (3) new OPEX Model 72 mail extractor units per OPEX's proposed dated 2/26/2019 which is attached under this Schedule A.

2.6. Training

Vendor Response:

The purchase price of the Falcon and the Model 72 includes standard operator training at a customer site. The OPEX representatives will begin the process of training Michigan's personnel immediately following delivery of the OPEX products and shall continue for up to one (1) week. Additionally, OPEX offers refresher training classes to the end-user for the life of the product, at no additional cost and these classes shall be scheduled at a time that is convenient for all parties.

2.8. Meetings

The Contractor must attend the following meetings:

Within 30 calendar days of the Effective Date, the Contractor will meet(via conference call) to develop the project plan for installation with MDOS-Enhanced Services Section, MDOS-Purchasing, DTMB-Agency Services and Unisys.

The State may request other meetings as it deems appropriate.

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3. Staffing

3.1. Contractor Representative

The Contractor must appoint a representative individuals, specifically assigned to State of Michigan accounts, that will respond to State inquiries regarding the Contract Activities, answering questions related to ordering and delivery, etc. (the "Contractor Representative").

4. Pricing

4.1. Price Term

Pricing is firm for the entire length of the Contract ending on 9/30/2023. The equipment that will be purchased by the State under this Contract is a one-time purchase for which the purchase prices for the equipment are only valid through June 28, 2019. Refer to updated pricing dated 2/26/2019 as provided below under this Schedule A and the pricing schedule under Schedule B of this Contract. The purchase of any additional equipment by the State shall be based on Contractor's then current rates. The annual maintenance and license fees for the equipment for the periods starting on 10/1/2023 shall be based on OPEX's then current rates.

4.2. Price Changes

Adjustments will be based on changes in actual Contractor costs. Any request must be supported by written evidence documenting the change in costs. The State may consider sources, such as the Consumer Price Index; Producer Price Index; other pricing indices as needed; economic and industry data; manufacturer or supplier letters noting the increase in pricing; and any other data the State deems relevant.

Following the presentation of supporting documentation, both parties will have 30 days to review the information and prepare a written response. If the review reveals no need for modifications, pricing will remain unchanged unless mutually agreed to by the parties. If the review reveals that changes are needed, both parties will negotiate such changes, for no longer than 30 days, unless extended by mutual agreement.

The Contractor remains responsible for Contract Activities at the current price for all orders received before the mutual execution of a Change Notice indicating the start date of the new Pricing Period.

For the avoidance of doubt, the maintenance and license prices for the initial term ending on 9/30/2023 as provided on the cover page of this Contract are set forth under Schedule B of this Contract. The annual maintenance and license fees for the equipment for the periods starting on 10/1/2023 shall be based on OPEX's then current rates.

4.3 Reserved

5. Ordering

5.1. Authorizing Document

The appropriate authorizing document for the Contract will be a Delivery Order.

5.2 Order Verification

The Contractor must acknowledge receipt of the Delivery Order.

6. Delivery

6.1. Delivery Programs

All shipping must be F.O.B. Destination

6.2. Packaging and Palletizing

Packaging must be optimized to permit the lowest freight rate.

7. Acceptance

7.1. Acceptance, Inspection and Testing

The agency will use the acceptance process defined in Section 16, Acceptance, of the Standard Contract Terms

8. Invoice and Payment

8.1. Invoice Requirements

All invoices submitted to the State must include: (a) date; (b) purchase order; (c) quantity; (d) description of

the Contract Activities; (e) unit price; (f) shipping cost (if any); and (g) total price.

8.2. Payment Methods

The State will make payment for Contract Activities via EFT to the banking institution the vendor has setup in SIGMA-VSS the State of Michigan's accounting system.

8.3. Procedure

Invoices are to be submitted to: sospaymentprocess@michigan.gov . Invoices must include the delivery order # and the explanation of deliverables.

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July 30, 2018

Leigh Holmes

Purchasing

Michigan Department of State

Renewal By Mail – Secretary of State Office Building

7064 Crouner Drive, 1st Floor

Lansing, MI 48918

Phone: 517-335-2754

Fax: 517-373-2372

holmesL2@michigan.gov

RE: OPEX's Response to Michigan RFQ Solicitation 180000000759 for Remittance Processor

Dear Ms. Holmes:

Thank you for your opportunity to submit a response to Michigan's Department of State for Solicitation 180000000759 for Remittance Processor Equipment. Enclosed you will find a full response from OPEX Corporation ("OPEX") with product information related to the OPEX Falcon® scanner.

This response includes the following supporting information:

- OPEX Capability Statement
- OPEX Company Information
- OPEX Falcon Scanner Product Information
- Additional OPEX Information (i.e., Installation and Training, On-Call Maintenance Services; Installation Specifications)
- OPEX offers an on-site demo of our product solution

Should you have any questions regarding this RFQ response please do not hesitate to contact me at 856-727-1100 ext. 5253 or via email at KGarman@opex.com. You may also contact Vanna Robbins, Account Executive in the East Region, at 856-727-1100 ext. 2326 or via email at VRobbins@opex.com.

Thank you again for this opportunity and we look forward to receiving a response from Michigan Department of State.

Sincerely,
OPEX Corporation

Kimberly Garman

Kimberly Garman
Projects Coordinator

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RFQ 180000000759

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I. Corporate Capability Statement

Solicitation Number: RFQ 180000000759

Monday, July 30, 2018 @ 5:00PM EST

I. Vendor Information

Tax ID Number:	22-2013892
DUNS Number:	06-738-0386
Address:	305 Commerce Drive Moorestown, NJ 08057-4234
State of Incorporation	State of New Jersey; Type of Organization - Corporation
Contact:	Kim Garman
Phone:	856-727-1100 ext. 5253
Fax:	856-727-1955
Email:	KGarman@opex.com
Website:	www.opex.com
NAICS Codes:	333318

II. Capability Statement

OPEX® Corporation is the recognized leader in paper handling automation solutions. For more than 40 years, OPEX has developed the most innovative, efficient, and reliable document processing equipment in the industry. Our goal is to offer products that embrace the latest technology, are affordable, and deliver the finest customer experience. OPEX systems can be found in thousands of incoming mail operations throughout the world, delivering the highest levels of performance.

OPEX scanning equipment can be found in these business sectors:

- Government (Federal, State, Local)
- Financial Services
- Insurance
- Healthcare
- Non-profit
- Utilities
- Telecommunications
- Service Bureau
- Retail/Wholesale
- Institutional

OPEX Corporation offers a variety of innovative document processing and imaging solutions. From industry-leading mail extraction and sorting equipment, to outstanding image capture and payment processing hardware platforms, OPEX equipment provides efficient workflows and superior cost savings.

Corporate Overview

A. General Information

OPEX® Corporation has been a technological leader in the mailroom since 1973 when the company introduced its first mail extraction system designed to automate the process of opening and processing inbound mail. Since then, OPEX has grown considerably, with offices in the U.S., U.K., France and Germany.

From its humble beginnings, OPEX now boasts a workforce consisting of hundreds of employees. Its Moorestown, New Jersey World Headquarters complex is made up of multiple buildings and more than 250,000 square feet of engineering, manufacturing, warehouse, product assembly and office space.

OPEX is a vertically integrated manufacturing company. OPEX designs, manufactures, assembles, markets and services all of its products. Machine types range from the relatively simple (basic table-top envelope openers) to the complex, including sophisticated document scanners, and fully-automated, high-speed incoming mail sorters and mail extractors.

B. Corporate Principles

In 1993, the OPEX Management Team set out to determine what core principles had helped foster the company's tremendous success. The culmination of this effort is today known around OPEX simply as, "The Nine Corporate Principles."

These Principles are more than just words that decorate office walls and company coffee mugs; they form the basis for how OPEX conducts its business, both on an individual employee level as well as organizationally. These Nine Corporate Principles are reproduced below:

WE AT OPEX CORPORATION SHALL ALWAYS STRIVE TO:

- **ONE:** Conduct all business in a fair and honest manner.
- **TWO:** Listen, and be responsive, to customers' needs.
- **THREE:** Recognize the value of the individual.
- **FOUR:** Maintain conservative financial management which will dictate growth.
- **FIVE:** Move ahead continually and deliberately to assure the ongoing survival of the company.
- **SIX:** Exercise freedom from tradition and convention if a better method can be devised.
- **SEVEN:** Focus business expansion only in related fields.
- **EIGHT:** Minimize layers of management in order to maximize employee empowerment.
- **NINE:** Eliminate the "*It's not my job*" attitude.

C. Organizational Structure

Although OPEX is itself organized as a single corporate (family owned by the Stevens family and privately held) entity, separate business units have been formed to efficiently serve customers throughout the world. The OPEX Incoming and Scanning division focuses on incoming mail processing and scanning equipment in the North American marketplace. This division also includes the OMATION product line of letter openers and joggers. The OPEX International division offers the complete OPEX product line to countries outside of North America.

D. History of OPEX

Originally a small mail-processing division of a conglomerate known as Kenco, OPEX gained its first technical expertise in the early 1970's. Dollars and engineering know-how were added to the mix, and the first prototype OPEX mail opening systems were delivered in 1972.

Simultaneous with the development of the OPEX machine, a marketing trend emerged in which companies found success using direct mail campaigns, courtesy of the United States Postal Service. Remittance – payment -- was made through the mail, and an industry was born.

Columbia Records of Terre Haute, Indiana, was at the forefront of this emerging trend. Columbia's daily mail volume in 1971 weighed more than a ton. Over 200 employees were required to manually process each day's mail. For this reason, the company initiated a study to determine what equipment could be purchased to improve the speed and profitability of its mailroom operation. For Al Stevens, then Assistant to the VP of Operations at Columbia Records, this was a difficult assignment; mail extraction equipment at the time was not readily available.

Alerted by a small article in the Wall Street Journal regarding an extraction machine being developed by a relatively obscure company in Cherry Hill, New Jersey, Stevens formed a relationship which ultimately resulted in the development and production of the first multiple station mail processing machine, the OPEX 4.0. Using a conveyor system, it fed opened envelopes with exposed contents to operators seated at work stations along the conveyor.

Columbia Records bought two systems for \$50,000 each, and Al (now the company's Chairman of the Board) and his wife, Joanna, bought OPEX. Later, the Stevens' sons, Mark and David, were brought into the business.

With the introduction of an inexpensive single-operator work station for low volume customers named the Rapid Extraction Desk (or "RED"), the company began its march towards steady growth and ongoing profitability in the late 1970s. In time, as the number of products and the amount of sales increased, OPEX added both a national sales force and a separate service organization.

In the 1990s OPEX experienced the largest growth surge in its history, fueled largely by the success of its high-speed, fully-automated extraction equipment and mail sorters. During that same decade, OPEX expanded overseas, establishing offices in the United Kingdom and France. The company also added international sales and service personnel. Since then, OPEX's influence in the global marketplace has continued to escalate dramatically.

OPEX added the OMATION Corporation to its portfolio in 1994. Originally based in Mountain View, California, OMATION was relocated to New Jersey in 1998. The OMATION product line includes joggers, envelope verifiers, and envelope openers.

In 2002, Mark Stevens succeeded his father as President and CEO of OPEX. Building on his father's legacy of visionary management and perseverance, Mark and his brother, David, have seamlessly guided the company through transition into the next generation of leadership.

In April of 2011, OPEX announced a change of its leadership role and David has assumed the leadership role as President and Chief Executive Officer of OPEX, while Mark Stevens, who formerly occupied that position, became the Chief Operations Officer.

The 21st century has provided OPEX with fresh challenges. The arrival of new technologies and new regulations has allowed OPEX to significantly expand its product offerings and services to meet the demands of a changing marketplace. The company's loyal customers now turn to OPEX for equipment that performs the entire spectrum of document processing: From sorting, to opening, to extracting, to imaging – virtually anyone that handles, sorts, scans or distributes either mail or documents can benefit from an OPEX machine.

Along the way, the OPEX product line has been bolstered by several key acquisitions. Among them was the 2003 purchase of Postal Technologies, Inc. from Lockheed Martin. Located in Irving, Texas, and renamed the OPEX Postal Technologies Division, OPT (as it was known) introduced an entirely new generation of customers to OPEX.

Though highly successful, OPT was nevertheless sold to BÖWE BELL + HOWELL in 2008 so that OPEX could focus on additional opportunities that had arisen in the incoming equipment and document imaging marketplaces. In so doing, OPEX affirmed its long-standing commitment to deploy its resources in ways that maximize the long-term potential of the company.

In 2004, OPEX formed separate business units (which, although called divisions, are part of the same single corporate entity known as "OPEX") to better manage its worldwide growth and meet the unique challenges posed by serving the needs of customers located in all corners of the globe. The OPEX Incoming and Scanning division focuses on incoming mail processing and scanning equipment in the North American marketplace. This division also includes OMATION products. The OPEX International division offers the complete OPEX product line to countries outside of North America.

OPEX celebrated its 30th anniversary of ownership by the Stevens' family in 2005. Under their careful guidance and stewardship, the company has progressed considerably from those early days of the first REDs. And yet, with its impressive workforce and visionary approach, the future of OPEX Corporation has never looked brighter.

As noted above, OPEX maintains several facilities worldwide:

World Headquarters:

305 Commerce Drive
Moorestown, New Jersey 08057-4234 USA
Phone: 856.727.1100
Main Fax: 856.727.1955
URL: <http://www.opex.com>

OPEX International:

OPEX -- France

Parc Technopolis-ZA de Courtaboeuf
3, avenue du Canada
91940 Les Ulis, France
Phone: +33 01.60.92.40.40

OPEX – U.K.

29/32 Queensbrook
Bolton Technology Exchange
Spa Road
Bolton, England BL1 4AY
Phone: +44 0120.438.8838
Fax: +44 0120.452.1432

OPEX -- Germany

Max Blank Ring 39
65205 Wiesbaden-Delkenheim
Germany
Phone : +49 6227.381.116
Fax: +49 6227.381.200

General Product Information and Specifications for Falcon

OPEX® Falcon™

The Falcon is the latest addition to OPEX Corporation's family of universal document scanning workstations. From document conversion services to mobile scanning to digital mail centers, Falcon is the only prep- reducing scanner on the market to address the most pressing of scanning needs all in one flexible platform. Whether it is the Falcon standalone, Falcon Transportable, or FalconRED™, the OPEX Falcon may be the only scanning workstation you will ever need.



Falcon allows operators to prep and scan at a faster rate than most current prep-only processes. This significantly reduces costs associated with preparing documents for scanning. Additionally, minimizing prep, paper handling, and other manual tasks not only improves efficiency, but also results in superior document integrity. Documents are handled once and converted to image. Operators can view images in real-time to ensure proper capture and identification. This reduces time-consuming and costly rescans later in the process.

The advantages start with Falcon's unique feeder which provides a dynamic process proven to reduce prep and increase scanning accuracy. Patented drop-feed technology allows for efficient scanning directly from file folders, while intelligent packet sensing capabilities adjust track speed for optimal scanning throughput. The high-capacity feeder handles large stacks of mixed document types, ***making the need for additional high-volume production scanners unnecessary.*** Falcon's unique Rescan Feeder is designed for fast and efficient rescans without disrupting the overall scanning process.

Falcon has a customizable work surface with options to fit the footprint of most scanning environments. The optional motorized table provides adjustable height settings for maximum operator comfort. Falcon comes equipped with a 22-inch touch-screen monitor for enhanced viewing of scanned images and easy one-touch page-type classification.

Falcon scans everything from single sheets in a wide range of sizes to multiple large stacks of paper. The Falcon conveyor can hold more than 700 pages at any given time, allowing maximum throughput and uninterrupted processing. From thick paper to onion skin and fragile or damaged pieces, from envelopes and file folders to receipts, to small forms and business cards – nearly any style or type of document can be scanned. With the optional external capture device and software, three dimensional objects can be imaged and placed directly into the electronic record.

OPEX's feature-rich CertainScan™ 4.0 Software is the perfect complement to Falcon, providing auto-classification and the most intuitive way to visually classify documents as they are scanned. The versatility of this software platform allows users to maximize the many features of OPEX Falcon and minimize the preparation of documents prior to scanning.

All Falcon models, regardless of version, come equipped with three programmable output sort bins, and one programmable straight-path sort bin for extra thick and delicate items. Various media detection capabilities come standard on Falcon, including multi-feed, height, length and document skew detect, as well as envelope detection.

Falcon can be outfitted with several, popular options: 5 sort bin option; Front and rear audit trail printing; rear graphics printing (accommodates Code 39 barcodes); MICR / MICR+; Kofax VRS® image enhancement capability; and customizable document identification technology for unrecognized documents, including multi-function page-type IdAssist™, and KeyAssist™.

CertainScan 4.0 Software (Included with OPEX Falcon)

Falcon utilizes OPEX's CertainScan 4.0 - a Windows 10-based, feature-rich 64 bit host software package that is the perfect complement to Falcon. CertainScan 4.0 provides the most intuitive way to capture, classify and sort documents. In addition to indexing up to twenty unique fields, users can also edit live and suspended batches, convert images and metadata in ways that map with their own unique workflows, and perform a host of other functions. CertainScan 4.0 allows up to twelve page-type classifications.

Through the use of CertainScan Edit, the editing of batches while scanning is now possible. The editor also allows for the copying and pasting of metadata and snippets. Various editing modes allow the user to recover an interrupted batch, limit editing to metadata only, or perform full, advanced editing functions.

OPEX Transform, another feature available through CertainScan 4.0, provides a configurable utility that converts OPEX standard output file formats (OXI and ODI) into the more universal XML and ASCII file formats. Additionally, there are other ways to uniquely transform data and images. For example, it is possible to convert standard TIFF and JPEG images into multi-page TIFF, PDF and PDF/A files.

Insight Software

OPEX Insight is a software productivity suite that helps unlock the full potential of mailroom and scanning operations using OPEX products. The Insight Dashboard brings immediate visibility to all OPEX equipment through continuous device monitoring and multi-dimensional analysis of performance data. Insight is designed to deliver actionable, operational intelligence to mailroom and scanning center professionals in real-time. With instant access to key performance drivers, managers can anticipate future resource allocation needs, make informed and confident processing decisions, and pinpoint operational bottlenecks. OPEX Insight consists of three modules that are critical to operating at peak performance: Status, Scanner Stats, and ONS+ Machine Stats. Insight also includes the OPEX Networking Solution (ONS+) Configuration Utility. Using the ONS+ Configuration Utility, OPEX devices can be programmed to store statistical performance information. The Utility also allows users to create and modify job and operator settings on all OPEX Rapid Extraction Desks from one central location.

OPEX – Original Equipment Manufacturer

OPEX is the original equipment manufacturer for the OPEX equipment and is also the sole source service provider. Please refer to Attachment H, **page 38** of this response for OPEX's sole source letter (page 74 of this Contract).

OPEX FALCON Specifications

Document Feeding	High-capacity auto feed Continuous drop-feed Packet feed Rescan feed
Document Width	2.0" – 12.25" (5.08cm – 31.12cm)
Document Length	3.5" – 18.25" (8.89cm – 46.36cm)
Scanning Speed	Up to 110 ppm / 220 ipm (Throughput speeds may vary based upon the specific application processing requirements and job set-up.)
In-line Recognition	OCR, OMR, barcodes, document type ID
Media Detection	Multifeed detection, height, length, skew and envelope detection
Document Separation	3 programmable output sort bins 1 programmable straight-path sort bin for extra thick and delicate items
Daily Duty Cycle	Unlimited
Maximum Dimensions (H x W x D)	64.35" x 86.50" x 32.27" (163.45cm x 219.71cm x 81.97cm)
Bundled Software	CertainScan™ 4.0 64 bit host software, CertainScan Essentials,™ CertainScan Edit,™ OPEX Transform,™ OPEX standard barcode package, Windows 7 64bit
Additional Features	OPEX Provided CertainScan PC Flat-panel 22" touch-screen Packet ID Early envelope detect IDAssist™ Integrated workstation
Popular Optional Features	Audit trail printing (front and rear) Rear graphics printer (prints signature and Code 39 barcode) VRS technology image enhancement Key Assist™ Reference ID MICR/MICR+ VRS is a registered trademark of Kofax, Inc

IV. Purchase and Maintenance Pricing for OPEX Falcon Scanner & Insight

A. OPEX Falcon – Recommended Configuration and Current Purchase Pricing

QTY	DESCRIPTION	LIST PRICE	EXTENDED PRICE
2	Falcon Base Machine	\$40,495.00	\$80,990.00
2	Falcon Computer/Windows 10 64 Bit	Included-	Included-
2	Falcon Manual Height Adj. T-Stand	\$2,000.00	\$4,000.00
2	Falcon MICR+	\$4,850.00	\$9,700.00
2	Falcon Rear Standard Printer Only	\$600.00	\$1,200.00
2	Falcon 1D Barcode Suite Software	\$860.00	\$1,720.00
2	Falcon REF ID Software	\$1,070.00	\$2,140.00
2	Falcon VRS Technology Software	\$2,855.00	\$5,710.00
2	Falcon Multi-Slot ID Assist Tower	\$1,050.00	\$2,100.00
1	Insight MavBridge Dashboard	\$4,000.00	\$4,000.00
2	Insight for Falcon Software	\$1,000.00	\$2,000.00
Programming of 3 Jobs (Per Falcon), Installation & Training*			Included
Thirty (30) Calendar Day Warranty Period**			Included
Delivery***			Included
Please see Final Pricing in Schedule B		Purchase Total (pre-tax)	\$113,560.00

***INSTALLATION AND STANDARD OPERATOR TRAINING:** Purchase of an OPEX Falcon comes with the programming of three (3) jobs per machine. Additional jobs can be programmed at a rate of \$200.00, per job, per Falcon unit. The OPEX representatives will begin the process of installing the OPEX product immediately following installation. The process for installing the new OPEX Falcon scanners should take approximately five to seven (5-7) business days. The OPEX representatives will begin the process of training Customer personnel immediately following delivery of the OPEX products and shall continue for up to one (1) week. Additionally, OPEX offers refresher training classes to the end-user for the life of the product, at no additional cost and these classes shall be scheduled at a time that is convenient for all parties. For further information regarding installation please see Section V on page 12 of this response (page 47 of this Contract) as well as Attachment B (page 31-33; page 66 – 68 of this Contract) for full installation specifications.

**** WARRANTY PERIOD:** The above purchase price for the OPEX Falcon includes a thirty (30) calendar day warranty period which will commence upon installation of the OPEX Equipment. The OPEX Insight includes a ninety (90) calendar day warranty period which will commence upon installation. All maintenance services providing during the warranty periods shall be during the hours of 7 AM – 3 PM, site local time, Monday-Friday, excluding OPEX holidays. Please refer to Section VI below for OPEX's warranty terms.

*****DELIVERY & FREIGHT:** The purchase price includes freight costs for the OPEX equipment. OPEX does not inventory our products and we manufacture our products upon receipt of a firm equipment purchase order. Currently, OPEX can deliver two (2) Falcon scanners and one (1) Insight ninety to one hundred and twenty (90-120) calendar days from the date OPEX receives a firm purchase order from Michigan. At time of firm purchase order, if OPEX can improve on this delivery time frame, OPEX will be happy to do so. All Equipment is shipped F.O.B Destination.

All prices set forth in this response are held firm through June 30, 2019.

Please see Final Pricing in Schedule B based upon Contractor's proposal from 2/16/19 which overrides all the prices, in its entirety, as set forth in this Schedule A.

The Falcon Scanner Base Machine has the ability to have a **Motorized Adjustment Height Table**. The purchase price for this optional feature, should Michigan prefer the motorized adjustment over the manual height adjustment quoted above, is \$4,500.00 (pre-tax) per Falcon. This option must be purchased at the same time as the purchase of the new Falcon and as such, cannot be purchased after the State's submission of a firm equipment purchase order. This optional feature has an annual service fee as well. The Annual Service Fee for the Motorized Adjustment Height Table is \$597.00 per Falcon for the current year of service.

B. OPEX Falcon – First Year's Annual Service and Software License Pricing Based on Recommended Configuration

On-call maintenance service for Year 1 will begin immediately following the expiration of the standard thirty (30) day warranty for the Falcon and Insight equipment. Please note the first year's Falcon base machine annual software license fee is included with the Falcon base machine service rate. **All rates set forth below are based on the prepayment annually in advance payment option.**

QTY	DESCRIPTION	LIST PRICE	EXTENDED PRICE
2	Falcon Base Machine	\$6,474.00	\$12,948.00
2	Falcon Multi-Slot ID Assist Tower	\$118.00	\$236.00
2	1D Barcode Annual License Fee	\$206.00	\$412.00
2	VRS Technology Annual License Fee	\$587.00	\$1,174.00
2	MICR+ Annual License Fee	\$788.00	\$1,576.00
2	Insight for Falcon Annual License Fee	\$525.00	\$1,050.00
Please see Final Pricing in Schedule B			\$17,396.00

Should the published service rates currently then in effect be less than the above listed rates, Michigan Department of State will be invoiced for the lesser amount. All service rates set forth above are based on the prepayment annually in advance payment for a single shift of on-call coverage, Monday – Friday, 7am to 3pm, site local time, excluding OPEX holidays. Upon termination of the first year's of on-call maintenance services, all subsequent annual maintenance service renewal periods shall be based on OPEX's rates currently then in effect.

OPTIONAL 3RD MACHINE

The state has the ability to exercise their option of purchasing a third (3rd) Falcon Scanner, if deemed necessary for backup functionality. Please contact OPEX directly for pricing on three (3) scanners. All prices set forth in this response are held firm through June 30, 2019.

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V. Payment, Delivery, Site Preparation, Installation, and Operator Training

Payment

Prices quoted will be held firm through June 30, 2019. All prices are FOB Destination and terms of payment are net thirty (30) days from date of delivery. **All applicable tax is additional.**

Delivery

Based on current production schedule, delivery for Falcon shall occur ninety to one hundred and twenty (90 – 120) calendar days from the date OPEX receives a firm and correct purchase order. OPEX's production schedule is subject to change without notice and will be determined at the time we receive your firm purchase order.

Site Preparation

Michigan Department of State shall prepare and make available a safe and suitable place for installation of the OPEX product(s). Preparation of the installation site shall include the responsibility to provide prior to the installation date all electrical and other utility services required for proper installation. Please refer to **Attachment B** (page 31-33; see page 66-68 of this Contract) for the installation specifications for the OPEX products. Michigan shall provide to OPEX the name and phone number of an individual located at Michigan's installation site who shall be responsible for coordination of the installation of the Product(s).

Installation shall be deemed completed upon successful conclusion of OPEX's standard test procedures. OPEX shall be under no obligation to install equipment unless the site is properly prepared and the product(s) and site are made available to OPEX on delivery. In the event that OPEX arrives to install the product(s) and the site preparation has not been properly completed, Michigan shall be responsible for all additional costs and expenses incurred by OPEX as a result thereof; provided that Purchaser shall have the right, by written notice to OPEX given at any time prior to fourteen (14) days before the scheduled date of installation to delay the date of installation for a period of not more than ten (10) business days, if after diligent efforts Michigan is not able to complete the site preparation. OPEX does not accept responsibility to connect OPEX products to equipment not approved by OPEX. Should OPEX at its option, connect these products, OPEX shall have no liability for any damage which may result.

In the event that Michigan fails to complete the site preparation within the time periods above, allowance being given to Michigan's right (as set forth above) to extend the installation date by not more than ten (10) business days, interest shall accrue at a rate of (i) 2% per month or (ii) the highest permissible rate by law, payable monthly on the unpaid balance of any payments due hereunder from the last scheduled date of installation until the date installation actually begins.

Installation

The purchase price of the Falcon includes installation of the equipment at a customer site. The OPEX representatives will begin the process of installing the OPEX products immediately following installation. The process for installing the OPEX products shall take approximately five to seven (5-7) business days. Please refer to Attachment B (page 31-33; see page 66 – 68 of this Contract) for the installation specifications for the OPEX products.

Training

The purchase price of the Falcon includes standard operator training at a customer site. The OPEX representatives will begin the process of training Michigan's personnel immediately following delivery of the OPEX products and shall continue for up to one (1) week. Additionally, OPEX offers refresher training classes to the end-user for the life of the product, at no additional cost and these classes shall be scheduled at a time that is convenient for all parties.

New OPEX Falcon and Insight Warranty

The below include both the Falcon and Insight Warranties for Customer which will commence upon the delivery and installation of the new Equipment at Customer site.

Falcon: OPEX warrants to the original Falcon purchaser that, a.) OPEX shall transfer good title to the product to purchaser; b.) All services provided by OPEX pursuant to this proposal will be performed in a good and workmanlike manner, based upon commercially reasonable practices and standards; and c.) OPEX shall repair or replace defective parts, including labor, and shall perform preventive maintenance at no cost to purchaser **for a period of thirty (30) days commencing from the date of installation**. Labor during the warranty period is limited to OPEX's standard maintenance hours, 7 AM to 3 PM, Monday through Friday, excluding OPEX holidays.

THE FOREGOING EXPRESS WARRANTIES ARE EXCLUSIVE AND MADE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. OPEX SHALL NOT BE LIABLE FOR ANY DAMAGES ARISING OUT OF OR IN CONNECTION WITH ITS PERFORMANCE PURSUANT TO THIS PROPOSAL, THE PRODUCTS OR SERVICES SOLD HEREUNDER, OR THEIR USE BY PURCHASER, AND SHALL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES TO PROPERTY, PERSONS OR OTHERWISE, TO THE FULLEST EXTENT PERMITTED BY LAW, ARISING OUT OF OR IN CONNECTION WITH THIS PROPOSAL, THE PRODUCTS AND SERVICES SOLD HEREUNDER, OR THE OPERATION OF THE PRODUCTS, REGARDLESS OF WHETHER OR NOT OPEX HAS ACTUAL KNOWLEDGE OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. PURCHASER AND OPEX AGREE THAT PURCHASER'S SOLE AND EXCLUSIVE REMEDY SHALL BE LIMITED TO DAMAGES IN AN AMOUNT NOT TO EXCEED THE AMOUNT OF THE PURCHASE PRICE OF A PARTICULAR PRODUCT OR THE COST OF A SERVICE HEREUNDER, WHICHEVER IS LESS. ALL ACTIONS ON THE WARRANTIES HEREUNDER MUST BE COMMENCED WITHIN SIX (6) MONTHS OF THE DATE OF DELIVERY OR BE OTHERWISE LOST. THIS LIMITED WARRANTY AND THE LIMITATION ON REMEDIES CONTAINED HEREIN ARE REFLECTED IN THE PURCHASE PRICE OF THE PRODUCTS.

Please refer to the next page (page 14; see page 49 of this Contract) for OPEX's Insight warranty terms.

Insight: OPEX warrants that it has the right to license Customers the use of OPEX Insight Software (the "SOFTWARE"). Specifically, OPEX warrants that:

- (1) the SOFTWARE will perform substantially in accordance with accompanying written materials **for a period of thirty (30) days from the date of installation of the package;**
- (2) During the thirty (30) day warranty period, OPEX shall, at its option, provide necessary parts and labor or replace any SOFTWARE as OPEX may deem necessary. OPEX DOES NOT WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE ERROR OR "BUG" FREE, OPEX DOES NOT WARRANT AGAINST THE LOSS OF CUSTOMER DATA, AND OPEX DOES NOT WARRANT OR ASSUME RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF ANY INFORMATION, TEXT, GRAPHICS, LINKS, OR OTHER ITEMS CONTAINED WITHIN THE SOFTWARE; and
- (3) the Monitor and Insight Computer accompanying the SOFTWARE will be free from defects in materials and workmanship under normal use and service for a period of ninety (90) days from the date of installation. OPEX's obligations hereunder are limited, at its option, to repair or replacement of the hardware.

OPEX's entire liability and your exclusive remedy shall be limited to, at OPEX's option, either (a) an amount not to exceed the original SOFTWARE licensing fees paid by you, or (b) the cost of repairing or replacing the SOFTWARE or hardware that does not meet OPEX's limited warranty, whichever is less. All actions on the warranties shall be commenced within six (6) months of the date of delivery or be otherwise lost.

THE LIMITED WARRANTY AND LIMITATION ON REMEDIES ARE REFLECTED IN THE PURCHASE PRICE PAID. EXCEPT AS PROVIDED IN THE APPLICABLE SOFTWARE LICENSING AGREEMENT, THE SOFTWARE IS PRESENTED "AS IS" WITHOUT WARRANTY OF ANY KIND. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, OPEX DISCLAIMS ALL OTHER WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH REGARD TO THE SOFTWARE, ANY WRITTEN MATERIALS ACCOMPANYING THE SOFTWARE, AND ANY ACCOMPANYING HARDWARE. OPEX RESERVES THE RIGHT TO MAKE MODIFICATIONS IN BOTH HARDWARE AND SOFTWARE WITHOUT PRIOR NOTIFICATION.

EXCEPT AS PROVIDED IN THE APPLICABLE SOFTWARE LICENSING AGREEMENT, OPEX SHALL NOT BE LIABLE FOR ANY DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE PERFORMANCE OF THE SOFTWARE, OR ITS USE BY THE CUSTOMER. TO THE EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL OPEX BE LIABLE FOR ANY DAMAGES WHATSOEVER (INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, OR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES TO PROPERTY, PERSONS, OR OTHERWISE) ARISING OUT OF OR IN CONNECTION WITH THE SALE OR USE OR INABILITY TO USE THE SOFTWARE, WHETHER OR NOT OPEX HAS ACTUAL KNOWLEDGE OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE.

OPEX will have no obligation under this limited warranty should the SOFTWARE or equipment be modified, altered, or merged by purchaser or any third party, or if failure of the SOFTWARE results from accident, abuse, or misapplication.

For clarification purposes, OPEX's proposal dated 2/26/2019 includes a quote for four (4) new OPEX Falcon units and three (3) new OPEX Model 72 mail extractor units. As such, the State is not purchasing the Insight product and instead, will only purchase four (4) new OPEX Falcon units and three (3) new OPEX Model 72 mail extractor units. Accordingly, the warranty terms and the thirty (30) calendar day warranty period for the Falcon product will also apply to the Model 72 product. The equipment and service prices for both the Falcon and Model 72 products are reflected in Schedule B of this Contract.

VI. OPEX's On-Call Maintenance and Software Licensing Information

OPEX's on-call maintenance program includes all labor and replacement parts excluding consumable items (i.e., toner, ink cartridge, paper, etc.) necessitated by normal wear and tear from normal use of the OPEX products and necessary to maintain the OPEX products in good operating condition. The on-call maintenance program is divided into two (2) parts: Preventive Maintenance Calls and Demand Calls, as detailed below and are to be performed at the Michigan Department of State's site. On-call maintenance services shall be provided in accordance to our then current maintenance agreement. A copy of OPEX's current on-call maintenance agreement including the applicable software use license terms are provided on Attachment H, page 39-46 of this response (see page 74-81 of this Contract).

Preventive Maintenance Calls: OPEX shall provide regular schedule of preventative maintenance (PM) calls for Falcon on an annual basis.

Demand Calls: Michigan Department of State will also have unlimited demand calls during the contracted service coverage period. When Michigan calls for a demand call, OPEX's service technician will exert all reasonable efforts to arrive at the equipment site within four (4) hours for the for Falcon, from the inception of the call, during OPEX's standard hours of coverage of 7AM-3PM, site local time, Monday through Friday, excluding OPEX holidays.

Upon completion of a preventive maintenance call and/or demand call, OPEX shall furnish a summary of the Maintenance Service provided to Michigan. The Field Service Report shall contain the following information: (1) date and time of arrival; (2) specific identification of the OPEX product serviced; (3) time of Maintenance Service; (4) description of the malfunction (if any); and (5) list of parts replaced. Only new standard parts or parts of equal quality shall be used in providing Maintenance Service.

Response Time

To request service, simply call (1-800-673-9288). Upon receipt of the service request, OPEX will exert all reasonable efforts to arrive at the equipment site within four (4) hours from the time the call is placed, during the contracted hours of on-call coverage, during the hours of 7AM-3PM, site local time, Monday through Friday, excluding OPEX holidays.

Holiday Coverage for Falcon & Insight

OPEX currently observes the following holidays: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Day.

In 2019 OPEX will observe the following holidays: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, Christmas Day.

Updates, Updates and/or Enhancements for Falcon & Insight

For the OPEX products, OPEX shall provide all applicable updates to Michigan at no cost if these updates are provided to OPEX's other similarly situated users also at no cost. As such, any and all upgrades, enhancements, or engineering changes which are offered at an additional cost shall also be made available to the state according to OPEX's published rates and terms then in effect.

Proprietary Products and Software License Terms For OPEX Falcon & Insight

The operation and servicing of OPEX products are based upon proprietary components, processes, software, and technical support materials developed by OPEX Corporation for its exclusive use. These items are covered by various patents and copyrights, and may not be copied, reproduced or altered in any manner without prior written authorization and licensing from an authorized representative at OPEX Corporation. Lastly, the use of these products shall be based on OPEX's then current software use license agreement.

The OPEX Falcon includes base software ("Base Software"). As applicable, OPEX may also make available to you from time to time optional features software for OPEX Falcon ("Optional Features Software"). Both Base Software and Optional Features Software are furnished pursuant to a personal, non-exclusive and non-transferrable license. License fees ("License Fees") for Base Software and Optional Features Software shall be due on an annual recurring basis in accordance with OPEX's published rates and terms then in effect. Such License Fees are in addition to any charges for OPEX maintenance services. As a convenience to you, we may include the License Fees for Base Software in our maintenance service charges. Software licenses are not transferable with the Equipment (e.g., if the Equipment is sold or given to a third party), and all Software must be re-licensed by OPEX based on OPEX's pricing then in effect. Please note that if a Maintenance Agreement is not purchased after the warranty period or is cancelled at any time, Diagnostic Software may be licensed on an annual basis at a fee of \$300 per machine, in accordance with OPEX's terms and conditions then in effect. All terms of the Base Software and Optional Features are based on OPEX's software license agreement.

For clarification purposes, OPEX's proposal dated 2/26/2019 includes a quote for four (4) new OPEX Falcon units and three (3) new OPEX Model 72 mail extractor units. As such, the State is not purchasing the Insight product and instead, will only purchase four (4) new OPEX Falcon units and three (3) new OPEX Model 72 mail extractor units. Accordingly, the maintenance service terms under this Section VI for the Falcon product will also apply to the Model 72 product. The equipment and service prices for both the Falcon and Model 72 products are reflected in Schedule B of this Contract.

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VII. OPEX's Responses to RFQ 180000000759

I. OPEX's Responses to The RFQ Requirements

Requirements:

Output file must match the file currently created by the Quantum DS600

OPEX Response: Yes. OPEX scanners can create 3 different output file formats that include images and metadata and will fit all downstream vendor systems.

First two output formats:

OXI/ODI. OPEX scanners can produce images and metadata in fixed output formats ingestible by downstream software vendors. Images are output as Single Image TIFF's, JPG's or our proprietary IEM formats or PDF's, and metadata is output as fixed format tab delimited text or XML.

Third output format: (Recommended for State of Michigan)

Custom Output: Batch Transform creates custom images and metadata to match the end user's import requirements. Multi Image TIFF and PDF, as well as searchable PDF images, at any granularity of batch level, along with associated Custom Delimited Text and/or Custom XML metadata output, to more closely match the input requirements of any downstream software being fed from a Falcon.

Additionally, advanced capabilities such as Virtual Batches, where numerous output files can be created from a single source batch, Index Fields and Table Lookup are also included to provide even more value to the end user. Though the Batch Transform User Interface Tool is made available to end users, these transforms are typically created by OPEX Professional Services staff based on end user requirements. Should the state choose this option, a one-time fee of \$2,500.00 (pre-tax) will apply.

Must interface with the MDOS Unisys Remittance Processor and Lockbox Software

OPEX Response: Yes. All 3 eligible output formats, OXI, ODI, or Custom, will be placed in a pre-defined and secure network folder location for ingestion into the MDOS Unisys Remittance Processor and Lockbox Software

Must provide service and maintenance programs

OPEX Response: Yes, OPEX meets this requirement. OPEX is the sole source service provider for OPEX Equipment. OPEX's response to RFQ includes OPEX Maintenance Services. Please see Section VI (page 15-16) for OPEX's full maintenance service pricing and terms (see page 50-51 of this Contract).

Must be able to provide a demonstration of any proposed solution upon request

OPEX Response: Yes, OPEX can meet this requirement. OPEX can provide a demonstration of the functions and features of the OPEX Falcon should State of Michigan request a demonstration.

Must be capable of processing at least 200 documents per minute

OPEX Response: The OPEX physical imager captures 300 pixels per one inch of the paper in both the portrait and landscape direction. This produces more fidelity and a sharper image than a capture of 200dpi that is then up-scaled to 300dpi through software interpolation.

The Falcon can produce, in nearly all typical cases, full color images at 24ips, equating to 110 to 120 pages per minute, at 300dpi native resolution, while performing document classification without throttling or running out of processing time.

There is an important difference between “burst” rate and “effective” rate, when considering scanning speed. Burst rate is the published speed based on 100% accurate performance. Effective rate is the actual speed of scanning when all components such as start time, jam rates etc. are added into the calculation.

In recent side by side time trials, OPEX scanners out-performed transports for sustained processing speeds due primarily to the nature of the OPEX continuous feed feeder. OPEX allows the operator to keep the feeder full of paper at all times, so that the scanner is not in a stop and start mode, even when closing and opening new batches.

OPEX introduced scanning at the extraction step, which entirely eliminates the need to scan on a “transport”. As such, OPEX eliminated the step that would have required 200/minute or 400/minute imaging. Transports, like the transports currently owned by the State today, are not even necessary with the OPEX approach.

Must have features to defeat and overcome jamming and read failures

OPEX Response: Yes, OPEX meets this requirement. OPEX Scanners typically do not experience many jamming and read failures, primarily due to the engineering and technology implemented on each scanner.

Following are examples of technology currently used to promote fast and continuous feed scanning (not a complete list):

Magnetic MICR Read is an electronic component that reads numbers from documents that are printed with ink containing magnetic properties, most typically checks. Magnetic MICR is the preferred way to read the data that is printed on Checks. The ink on commercially printed checks contains magnetic properties that allow a magnetic read head to understand and output the various data fields on the check such as the Bank Routing & Transit Number. This type of read is superior to OCR for this font, called E13B, because the read is unaffected by any other printed or interfering handwriting and produces a more accurate read than scanners that only read it optically.

The system is capable of performing a template based OCR read of up to six fields per sheet, containing one of three general character sets, or fonts; OCR A, OCR B and E13B commonly known as MICR. We read both alpha and numeric characters that meet or approximate the ANSI standards for those fonts in such characteristics as character height, width, stroke width, pitch, etc. In all cases, for a given field we must have pre-defined the font we expect to find when we attempt to read the data in that field's location on a page.

Multi-font allows us to attempt to read any characters we find in the field from any type of font; Courier, Times New Roman, Ariel, etc. without knowing in advance what font will be there.

Streak Detect is the ability of CertainScan to detect scanner induced streaks on an image. The system can be set to warn an operator or stop the scanner when a set number of sequential images are suspected of having a streak in the same place, which is indicative of something in the light path of the scanner, likely on the glass.

Image Edge is an alternative Binarizer to the three native ones supplied with each scanner. It is used primarily to help clarify images for the purpose of providing better reading of poor quality barcodes and MICR originals by OPEX CertainScan scanner software.

OPEX Image Tools are a set of specific tools as an optional method image enhancement/manipulation. The tools are:

Auto orientation, where a scanned image, containing machine printed characters is auto rotated to the correct orientation for reading, regardless of the orientation as it passed through the scanner.

Hole Fill replaces punched holes, appearing as black circles on a bi-tonal image, with white pixels; effectively “Filling in” the holes.

Dog Ear Repair performs the same function where the corner of a page is folded over or missing and presents itself as black pixels. These pixels are converted to white; effectively "Repairing" the fold or damage.

For clarity purposes, both the OPEX Image Tools option and Image Edge option are not configured for purchase under Schedule B of this Contract and can be purchased separately by the State based on Contractor's then current rate.

OPEX Operating Statistics will provide real time data on the # of jams, type of jams and the average clear jam time so that operators and management can track improvements.

Must be able to handle documents of varying sizes in sequence without interruptions

OPEX Response: Yes, OPEX meets this requirement. OPEX scanners provides excellent document separation combined with state of the art Ultrasonic Double Feed detection to ensure accurate, reliable automatic feeding of both single documents, stacks of like size and weight as well as intermixed differing pages, with minimal operator intervention. Documents as small as a business card and as large as a 12.5" x 25" sheet can be run without the need for adjustment, taping, copying or using document carriers. Pages can run with staples, tears, folded corners and other significant damage with nearly no need for prep or repair, allowing maximum throughput and uninterrupted processing.

The feeder can accommodate a stack of paper up to one inch tall, (approximately 240 typical sheets) and, used in conjunction with the feed roller bed where up to three stacks can be loaded, as many as 720 sheets can be loaded on the scanner at one time.

Must provide space requirements for any proposed solutions

OPEX Response: Yes, OPEX meets this requirement. Please refer to Section V, page 12 (page 47 of this Contract) and Attachment B on page 31-33 (page 66-68 of this Contract) for the complete installation specifications for the OPEX Falcon and Insight products.

Must provide sample workflows for how the equipment can be utilized

OPEX Response: Yes, OPEX has provided OPEX's understanding of the State of Michigan's current workflow and a workflow diagram of OPEX's proposed solution for how the OPEX Falcon can be utilized.

Must be windows 10 compatible

OPEX Response: Yes, OPEX meets this requirement. The OPEX Falcon configured within OPEX's Response to the State of Michigan includes Windows 10.

PERFORMANCE MEASURES:

Output file must match the file currently created by the Quantum DS60

Must interface with the MDOS UNISYS Remittance Processor and Lockbox Software

Must be capable of processing at least 200 documents per minute

Must have features to defeat and overcoming jamming and read failures

Must be able to handle documents of varying sizes in sequence without interruption

Must be upgradeable to Windows 10

Include Warranty and Maintenance information with your Response

OPEX Response: Please see OPEX responses to above requirements for all answers to performance measures. Please note, OPEX has provided warranty terms on Section V and maintenance information in Section VI of our response.

OPEX's Approach to Replacing Current Process

Currently the State of Michigan, uses a combination of OPEX Mail Extractors (6-M51's, 1-M72) and a Burroughs Quantum DS600 Transport to open, sort, image and process Driver and Vehicle Renewal Transactions for the State of Michigan.

The Burroughs Quantum DS600 Transport is nearing its end of life cycle and the State of Michigan has asked for information from OPEX to describe our solution for replacing the aging Quantum DS600 Transport.

First and foremost, it is important for the State of Michigan to know that OPEX does not put our hardware in an End of Life scenario.

State of Michigan, Renew by Mail, has been a valued OPEX client since 1999. OPEX Corporation is a recognized global technology leader in high-speed mailroom automation, document imaging, and warehouse automation. Since 1973, OPEX systems have provided performance enhancing workflow solutions and cost-effective results to thousands of governments and organizations around the world.

By controlling all aspects of product design, OPEX is able to deliver high-quality innovative workflow solutions to customers in a wide variety of industries including state and local government, law firms, service bureaus, financial services, insurance, healthcare, retail, non-profits, utilities, telecommunication, educational institutions, and fulfillment operations. Included with this document will be a recap of the current landscape, potential proposed equipment, benefits of equipment, savings and next steps.

Current Landscape

Current hardware:

- Six (6) Model 51 Mail Extractors(OPEX)
- One (1) Model 72 Mail Extractor(OPEX)
- One Burroughs Quantum DS600 Transport

Current volumes:

- Peak 16-20 mails trays daily (each tray is approximately 750 envelopes)
- Non-peak 4 mail trays daily
- Heaviest Mail – Watercraft
- Peak season – January/February
- 1.6m transactions per year = 30,770 transactions per week

FTE:

This fluctuates depending on volumes of mail received, but a maximum of 5 fte

Workdays and hours:

Monday – Friday 8am to 5pm

Current Throughput:

- Maximum daily processing is approximately 59% of mail on a peak day. This equates to 6,638 pieces of mail (based on 15 trays of mail), with approximately 4,612 pieces of mail carried over for next day processing.
- Assuming 6,638 pieces of mail processed, divided by a 6.5 hr. (productive hour) workday, this equates to 1,021 pieces of mail being processed hourly, split among alloperators.

Mail Sorts:

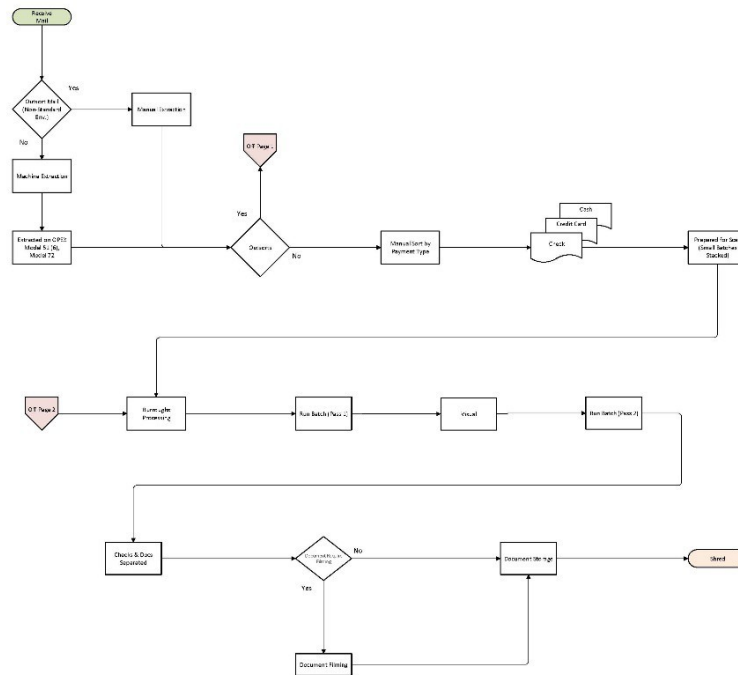
Currently, there are 3 “touches” when sorting mail

- Non-standard envelope
- Mail needing returning
- Mail going to extraction

Additional sorts:

Manual sort by Payment Types, done prior to Burroughs Processing

- Check
- Cash
- Credit Card (eliminated April 2018)



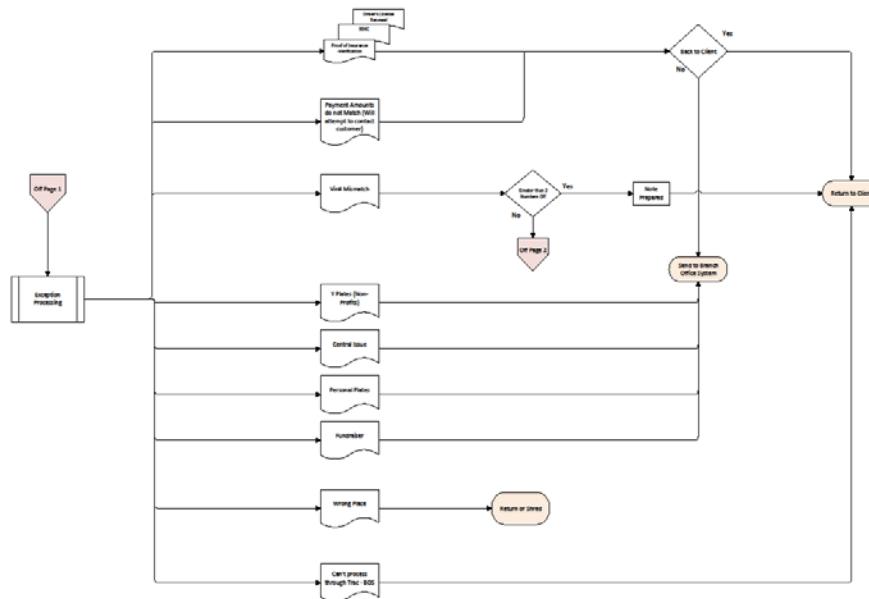
Page 1

*for larger image please see **Attachment C** on page 61 (see page 69 of this Contract).

Out-sorts:

Currently, there are 9 reasons for out-sorts. This is mail that will need to be processed through the BOS, returned to the client or sent for shredding.

Please reference the Outsorts Diagram below (**Attachment D**) showing current Out Sorts and Exception processing.



Page 1

*for larger image please see **Attachment D** on page 62 (see page 70 of this Contract).

Quantum DS600:

Currently a 2 pass system on the Burroughs Quantum DS600

Workflow Analysis

OPEX performed a Workflow Analysis in 2017 in order to better understand the current landscape, as well as, observe bottlenecks in the current process. We have identified where we believe the OPEX scanning solution will have the most impact for process improvements for the State of Michigan, RBM.

There are 3 main areas where OPEX can streamline the current process, enhance the workflow, increase throughput and potentially reduce FTE hours, all of which result in financial savings to the State of Michigan.

Please reference Diagram (**Attachment E**) below showing OPEX's proposed future state.

Incoming Mail

Currently there are 3 sorts to all incoming mail. The OPEX solution will eliminate all pre-opening sorting requirement as all mail will go directly to mail extraction on the current OPEX M51's/M72.

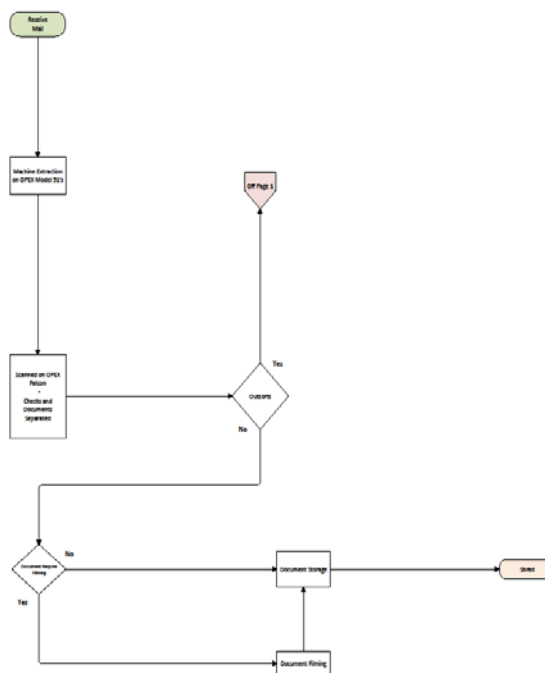
1. Manual Sort by Payment Type

This sort is done after extraction and after out-sorts are determined and in advance of batching the work in preparation for operation on the Quantum DS600. The OPEX solution will eliminate this step entirely. Additionally, the OPEX solution will potentially eliminate the need for "pre-batching" the work prior to scanning.

2. Scanning

Currently the Quantum DS600 is a 2 pass scan process in order to separate checks and documents. The OPEX solution is a 1 pass process and will separate the checks and documents on the first pass. All keying, data entry, validations, inventory assignments will be done, via image at the completion of the scanning.

Please reference Diagram below showing future state processing



*for larger image please see **Attachment E** on page 63 (see page 71 of this Contract).

3. Financial Impact

Based on our knowledge of the current State of Michigan Renew by Mail system, we believe the OPEX solution could potentially reduce FTE requirements by one (1) FTE in this department but this is depending on the speed and efficiency of the State's operator and the State's daily mail volume.

Proposed Solution

OPEX is proposing two (2) Falcon™ Scanners as a replacement for the Burroughs Quantum DS600. Additionally, we propose the State of Michigan, RBM continues to use the existing OPEX Model 51 extraction desks and also continues to process all exceptions (**Attachment D**) in the same manner they process them today. This would keep the new process very similar to the current process, reducing staff stress, and training and implementation time. The state has the ability to exercise the option of purchasing a 3rd Falcon scanner, if deemed necessary for backup functionality. OPEX can provide pricing directly upon request.

The new process (**Attachment E**) would be considered a modified one touch process and would allow the operators to open all mail at the extractor, creating stacks for out-sorts, and then imaging the eligible transactions on the Falcon™.

Falcon™ combines OPEX's innovative one-step drop feed scanning with the performance of a high-capacity production scanner, providing the only universal document scanning workstation on the market. Regardless of your document scanning needs, Falcon™ is designed to attack the most difficult and daunting workflow challenges.

Falcon™ allows operators to prep and scan documents at a faster rate than most current prep only processes. This significantly reduces costs associated with preparing documents for scanning. In addition, Falcon offers four versatile feeder options: drop-feeder, packet feeder, high capacity feeder, and a unique rescan feeder. Falcon scans everything from single sheets in a wide range of sizes to multiple, large stacks of paper. The Falcon conveyor can hold more than 700 pages at any given time, allowing maximum throughput and uninterrupted processing. From thick paper to onion skin and fragile or damaged pieces, from envelopes and file folders to receipts, to small forms and business cards – nearly any style or type of document can be scanned! With the optional external capture device and software, three dimensional objects can be imaged and placed directly into the electronic record.

For further information on OPEX's Falcon, please refer to **Section III** on pages 59 thru 61 of original proposal (page 42– 44 of this Contract) and pages 75 & 76 (page 83-84 of this Contract) of proposal dated 2/26/19.

Benefits of Solution

- Never End of Life OPEX hardware – no need for re-investment every 5 years
- Productivity improvements
- Eliminates sorting mail
- Eliminates manual payment type sorting
- Eliminates second imaging pass
- Reduce holdover
- Potentially eliminate pre-batching capabilities
- Batches ready for keying earlier in day
- Integration capabilities with Unisys
- Potential Elimination of batch tickets and/or separator sheets
- Broad Batch Edit capability

Please reference the diagram (**Attachment F**) below showing current and proposed future state of processing



II. OPEX's Responses to The Terms and Conditions

Terms and Conditions for Group 1, Line 1

Section 1 (Vendor Acceptance) – OPEX has provided comments as set forth directly below regarding specific provisions contained within this RFQ.

Terms and Conditions

- **Section 1 (General)** – OPEX shall deliver the OPEX equipment in accordance with our comments as provided in this written response to the RFQ.
- **Section 2 (Delivery, Title & Risk)** – OPEX acknowledges and agrees to shipping the OPEX equipment F.O.B. Destination. With respect to final acceptance, OPEX respectfully requests that the State complete the final acceptance no later than five (5) business days after completed installation. If the State fails to provide final acceptance of the OPEX equipment upon conclusion of the five (5) business day period but continues to use the OPEX equipment for operational purposes, then the OPEX equipment shall be deemed to be accepted by the State. Accordingly, payment for the OPEX equipment will be due in accordance with OPEX's comments under Section 4 titled "Payment."

With respect to the equipment delivery timeframe, OPEX can deliver the proposed OPEX equipment within 90-120 calendar days after receipt of the State's firm equipment purchase order. Please take note OPEX does not inventory our products and we manufacture products only upon receipt of a firm equipment purchase order.

- **Section 3 (Inspection)** – With respect to final acceptance, OPEX respectfully requests that the State complete the final acceptance no later than five (5) business days after completed installation. If the State fails to provide final acceptance of the OPEX equipment upon conclusion of the five (5) business day period but continues to use the OPEX equipment for operational purposes, then the OPEX equipment shall be deemed to be accepted by the State. OPEX shall deliver the proposed equipment in accordance with and subject to our responses as provided in this response. Lastly, any remedies regarding any defects in the equipment shall be governed exclusively by OPEX's warranty terms as provided on Section V page 13-14 of this response ([see page 48- 49 of this Contract](#)).
- **Section 4 (Payment)** – OPEX acknowledges and agrees to this provision. Please refer to OPEX's comments under Section 3 above titled "Inspection" regarding final acceptance of the OPEX proposed equipment.
- **Section 5 (Warranties & Reps, Pt. 1)** – OPEX acknowledges and agrees to this provision and the warranty provisions set forth herein shall be subject to and in accordance with OPEX's equipment warranty terms set forth on Section V page 13-14 of this response([see page 48- 49 of this Contract](#)).
- **Section 6 (Warranties & Reps, Pt. 2)** – OPEX acknowledges and agrees to subparts (f), (h), (i), (j), and (k). With respect to subpart (g), the Deliverables (proposed OPEX equipment) will conformed to OPEX's published specifications and as such, subpart (g) shall not apply to the proposed OPEX equipment. Lastly, all the provisions set forth herein shall be subject to and in accordance with OPEX's equipment warranty terms set forth on Section V page 13-14 of this response([see page 48- 50 of this Contract](#)).

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- **Section 7 (Termination for Cause)** –If OPEX commits a material breach of the Contract that is not cured within thirty (30) days after written notice of breach from the State to OPEX, then the State may, by giving notice to OPEX, terminate the Agreement, in whole or in part, without liability as of a date specified in the notice of termination. The State’s remedies for OPEX’s material breach of this Contract shall be solely and exclusively governed by OPEX’s warranty terms as provided on page 13-14 ([see page 48- 49 of this Contract](#)) and under Section 9 below titled “Indemnification” of this response.
 - **Section 8 (Discounts)** – OPEX acknowledges and agrees to this provision.
 - **Termination for Convenience** – OPEX respectfully request that the State provides at least sixty (60) calendar days’ advance written notice prior to terminating this Contract, in whole or in party and without cause. If the State wishes to cancel an equipment order after the State’s submission of a firm equipment purchase order, then the State shall provide at least sixty (60) calendar days’ advance written notice prior to the scheduled shipment date of the new OPEX equipment.
 - **Section 9 (Indemnification)** – OPEX acknowledges this provision. We further respectfully request that the below language be incorporated into this Section 9.

“In no event shall either party be liable to the other, whether in an action in negligence, contract or tort or based on a warranty or otherwise, for loss of profits, revenue, or loss or inaccuracy of data, or any indirect, incidental, punitive, special or consequential damages incurred by the other party or any third party, even if the party has been advised of the possibility of such damages. Further, except to the extent that liability arises from: (i) a breach by either party of its confidentiality obligations under this Contract; (ii) instances of either party’s gross negligence or willful misconduct; or (iii) instances of personal injury to or the death of persons or damage to tangible property resulting from, or connected with, the performance of the Contract and to the extent caused by the negligence, and/or willful misconduct or failure to comply with terms or conditions of this Contract by OPEX and its employees (and in which event OPEX shall be responsible for such claim under this Section 9 (iii) in an amount not to exceed Five Hundred Thousand and 00/100 US Dollars (\$500,000.00 USD)), OPEX’s liability for damages under this Contract, whether in an action in negligence, contract or tort or based on a warranty, shall not exceed Thirty Thousand and 00/100 US Dollars (\$30,000.00 USD). Additionally, the State and OPEX mutually agree that OPEX’s indemnity obligation hereunder will be reduced to the extent by which any claim, liability, loss, damage, or expense results from the negligence or misconduct of any employee, servant, officials, client and/or agent of the State, or the employees, servants, officials agents or subcontractors of another party, client and/or contractor or non-parties to this Contract. Furthermore, OPEX’s obligation to defend and indemnify the State under this Section 9 will not apply if the claim in question is solely and directly caused by the gross negligence and/or willful misconduct of the State or its directors, officers, employees, or agents (other than Vendor’s servants or employees) or a non-party to this Contract.”

- **Section 10 (Confidentiality)** – OPEX acknowledges and agrees to this provision but we respectfully request that the State shall also comply with the confidentiality obligations under this Section 10 with respect to OPEX’s non-public and/or proprietary informant.
- **Section 11 (Proprietary Rights)** - OPEX acknowledges and agrees to this provision to the extent the State has furnished any materials, tools, plans specifications, equipment and/or other property pursuant to this RFQ. For clarification purposes, any and all proprietary rights, trade secrets, and/or intellectual property rights that reside in OPEX’s commercially off the shelf equipment and/or services shall be owned solely and exclusively with OPEX during the term of the resulting contract to this RFQ and after the expiration of the term of the resulting contract to this RFQ.

- **Section 12 (State Data)** - OPEX acknowledges and agrees to this provision, to the limited extent that any information we provide to the State are not considered proprietary and/or confidential to OPEX. For clarification purposes, any and all proprietary rights, trade secrets, and/or intellectual property rights that reside in OPEX's commercially off the shelf equipment and/or services shall remain solely and exclusively with OPEX during the term of the resulting contract to this RFQ and after the expiration of the term of the resulting contract to this RFQ.
- **Section 13 (Intellectual Property)** - OPEX holds intellectual property rights in the OPEX equipment, which includes but not limited to the equipment's computer operating system, software components and mechanical components. No licenses, either express or implied, under any patents are granted by OPEX to the State hereunder. Accordingly, any and all proprietary rights, trade secrets, and/or intellectual property rights that reside in OPEX's commercially off the shelf equipment and/or services shall be owned solely and exclusively with OPEX during the term of the resulting contract to this RFQ and after the expiration of the term of the resulting contract to this RFQ.
- **Section 14 (Limitation of Liability)** – OPEX respectfully requests that this provision be revised to the following:

“Neither the State and/or Vendor shall be liable to the other for consequential, incidental, indirect, or special damages, regardless of the action. Under no circumstances with either party be liable for any amounts, in whatever form, in excess of the total aggregate value set forth in the Contract.”
- **Section 15 (Records Maintenance)** – OPEX acknowledges and agrees to this provision.
- **Section 16 (Notices)** – OPEX acknowledges and agrees to this provision.
- **Section 17 (Modifications)** – OPEX acknowledges and agrees to this provision.
- **Section 18 (Independent Contractor)** – OPEX acknowledges and agrees to this provision.
- **Section 19 (Subcontracting & Assignment)** – OPEX acknowledges and agrees to this provision.
- **Section 20 (Compliance With Laws and Policy)** – OPEX acknowledges and agrees to this provision, to the extent that is applicable to OPEX and its proposed equipment and services.
- **Section 22 (Unfair Labor Practice)** – OPEX acknowledges and agrees to this provision.
- **Section 23 (Governing Law)** – OPEX acknowledges and agrees to this provision.
- **Section 24 (Non-Exclusivity)** – OPEX acknowledges and agrees to this provision.
- **Section 25 (Force Majeure)** – OPEX acknowledges and agrees to this provision.
- **Section 26 (Media Releases)** – OPEX acknowledges and agrees to this provision.
- **Section 27 (Website Incorporation)** – OPEX acknowledges and agrees to this provision.
- **Section 28 (Severability)** – OPEX acknowledges and agrees to this provision.

- **Section 29 (Waiver)** – OPEX acknowledges and agrees to this provision.
- **Section 30 (Survival)** – OPEX acknowledges and agrees to this provision.
- **Section 31 (Entire Contract)** – OPEX acknowledges and agrees to this provision.
- **Section 32 (Abusive Labor Practices)** – OPEX acknowledges and agrees to this provision.
- **Section 33 (Certification of MI Business)** – OPEX acknowledges and agrees to this provision.
- **Section 34 (Iran Linked Business)** – OPEX acknowledges and agrees to this provision.
- **Section 35 (Clean Corporate Citizen)** – OPEX acknowledges and agrees to this provision, to the extent that is applicable to OPEX and its proposed equipment and services.
- **Section 38 (SOM Debt/Tax Payment)** – OPEX acknowledges and agrees to this provision.
- **Section 39 (Auth to Ver Info Pro By Vend)** – OPEX acknowledges and agrees to this provision.

ATTACHMENT A. List of OPEX Team Members and Internal Structure

List of OPEX Team Members

Vanna Robbins; Account Executive:

The primary point of contact is supplied by Vanna Robbins, based on the location of the equipment. She can be reached at 856-727-1100 and her e-mail is VRobbins@opex.com. The Account Executive is responsible for overseeing equipment installation and providing operator training. Problems or concerns should immediately be directed to the Account Executive, who assumes primary responsibility for insuring the success of the project.

Pete Gorka, National Sales Manager - East

The National Sales Manager may make periodic visits to the equipment site to inspect machine performance and insure customer satisfaction. In the event that the Account Executive is unavailable (or if a customer is dissatisfied with the performance of the Account Executive), the National Sales Manager assumes direct control of the project.

James Veldt, Regional Service Manager

The Regional Service Manager is responsible for overseeing equipment performance, insuring that warranty service is performed, and for implementing any Service Contract resulting from the project. The Regional Service Manager will make periodic visits to the equipment site. Concerns with equipment maintenance or performance may be addressed to him.

Dave Underwood, National Service Manager-Central

The National Service Manager may make periodic visits to the equipment site to inspect machine performance and insure customer satisfaction. In the event that the Regional Service Manager is unavailable (or if a customer is dissatisfied with the performance of the Regional Service Manager), the National Service Manager assumes direct control of the project.

Service Technicians (Various):

Warranty and Contract Maintenance Service requires that Preventive Maintenance be performed on the equipment. In addition to Preventive Maintenance, Remedial Maintenance may occasionally be required. These tasks are performed by the Service Technician. The Service Technician serves as the primary point of contact regarding maintenance issues. While a customer usually sees one "main" Service Technician, there may be instances where other Service Technicians are utilized by OPEX, and therefore no specific name has been supplied.

OPEX Technical Support Organization:

To insure the performance of all OPEX customers' equipment, OPEX has a fully-trained Technical Support staff at the Home Office in Moorestown, New Jersey. This organization operates 24 hours per day, 7 days per week, to help minimize downtime and expedite repairs.

OPEX Engineering Group:

If support beyond field-level or the Technical Support Organization is required, OPEX has the resources available through its Mechanical, Electrical, and Software Engineering Groups to address unique equipment performance concerns.

OPEX's Internal Structure

OPEX, with its primary business location in Moorestown, NJ is a "flat" organization by the nature of its internal structure. As such, OPEX does not maintain an organizational chart in the traditional sense of that term.

However, if there are problems or concerns regarding the equipment, and if these concerns require escalation within OPEX, the following "chain of responsibility" can be followed:

Sales concerns can be escalated as follows:

Account Executive → National Sales Mgr. → Director of Sales → President

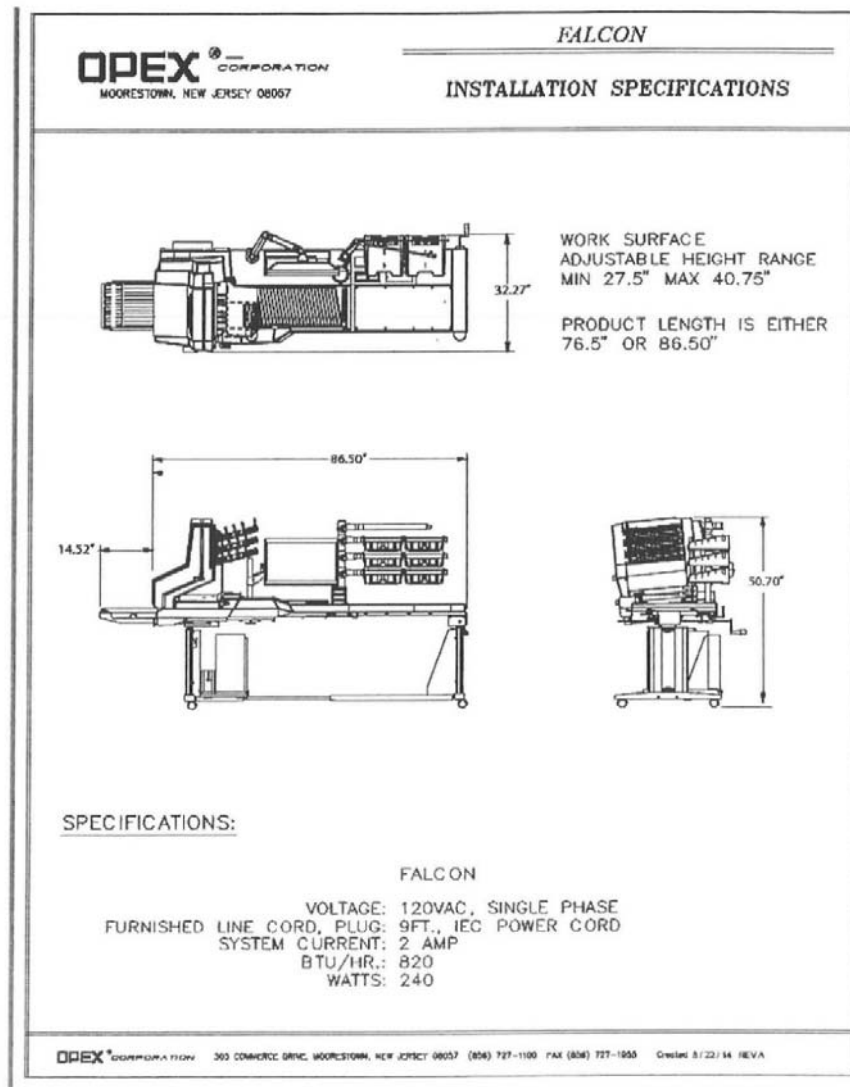
Service concerns can be escalated as follows:

Service Tech. → Regional Service Mgr. → National Service Mgr. → Director of Service → President

The remainder of this page intentionally left blank.

ATTACHMENT B. OPEX Falcon Scanner Installation Specifications

OPEX Corporation: September 2014



Confidential

Page 49 of Installation Specifications

USA

The new OPEX Insight Software will be installed by OPEX representatives. Working with Customer's Information Technology Department, they will oversee installation at Customer's chosen location, and test the software to ensure everything is running smoothly. As soon as the software is installed and tested, on-site training of Customer's operations will begin. Please note the following installation responsibilities regarding OPEX and the Customer.

OPEX Responsibilities

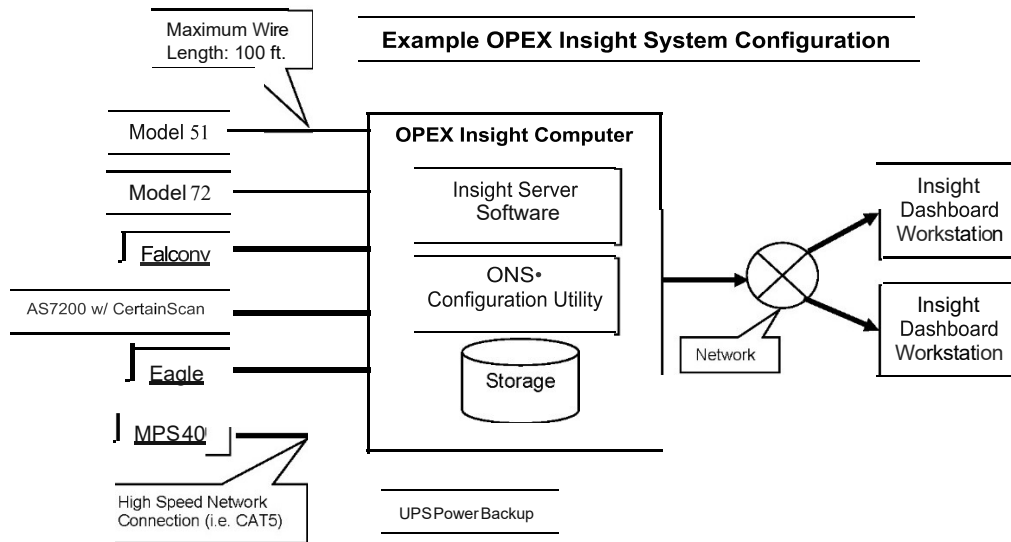
- Provide wiring from each Model 72 to the local jack that is wired to the Insight Computer. This wire is a 6 foot non-plenum cable. The wiring kit comes with the Insight Computer and is part of the OPEX Insight price.
- Install ONS+ Hardware on the Model 72s and make the appropriate connection at the Model 72s and the Insight Computer
- Install Hardware on the OPEX Capital Equipment*
- Provide and install the Insight Computer. This computer is customized and cannot be substituted with a customer computer.
- Provide and install fully configured replacement computers.
- Provide initial training on the Insight Computer and Insight Dashboard software.

**"Capital Equipment" refers to all high-speed automated OPEX equipment but does not include REDS, Model 50, 51, 60, and 72.*

Customer Responsibilities

- Run the wire from the Model 72s to the Insight Computer. The distance between the Insight Computer and the Model 72s cannot exceed 100 feet.
 - Provide and run Category 5 wire between OPEX Capital Equipment and the Insight Computer as well as between the Insight Computer and the customer server.
 - A commercial anti-virus software package may be purchased and installed at the expense and risk of the Customer. Any maintenance related to anti-virus software is excluded from any service contract.
 - A printer may be purchased and installed at the expense and risk of the Customer. Any maintenance related to the printer is excluded from any service contract.
 - Provide IT Staff to assist with the connection to the Customers' network.
- a. Please see Installation Specification Images for Insight on page 32-33 ([see page 67- 68 of this Contract](#)).

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How are Scanner Stats - collected?

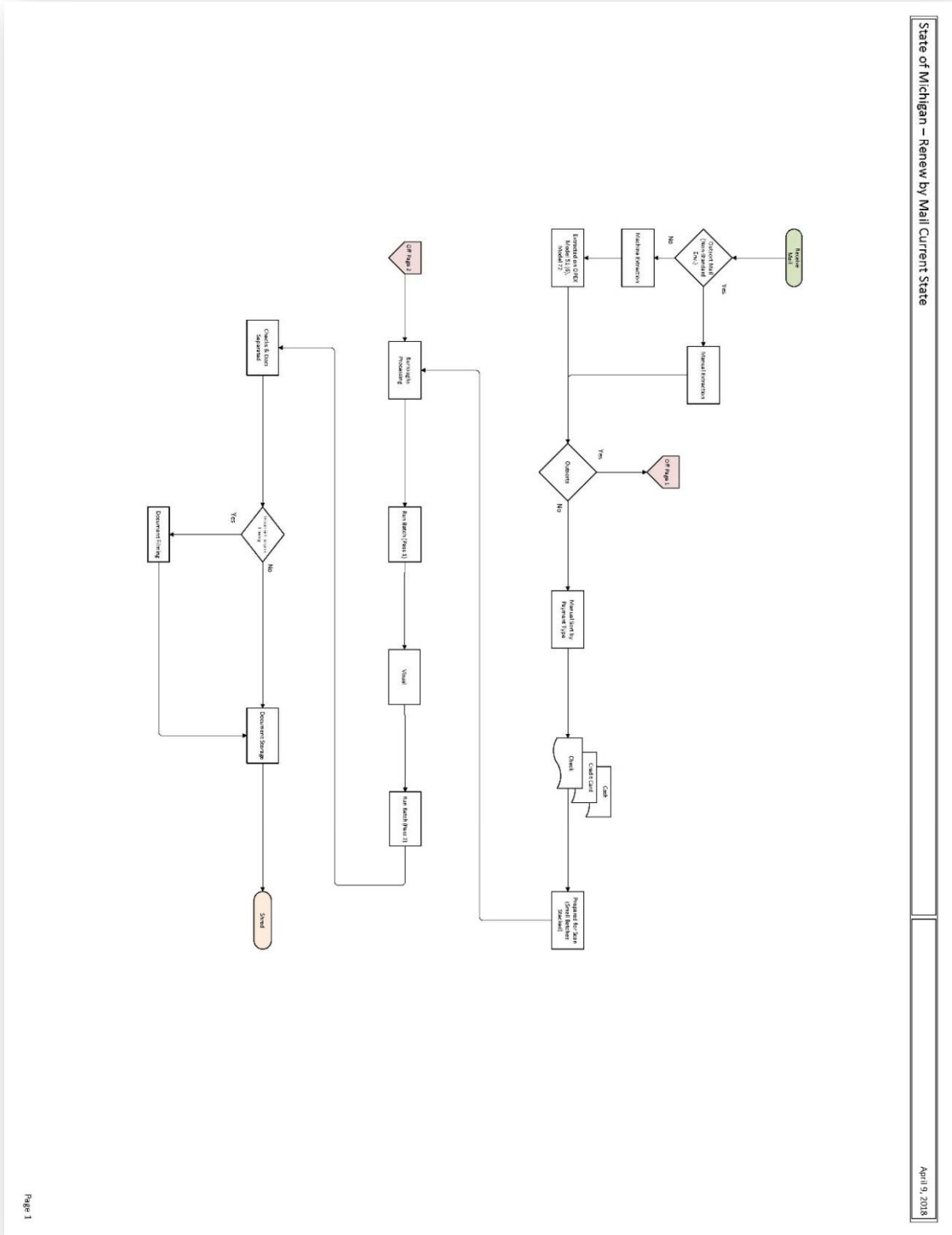
There are two ways Scanner Stats can be collected:

The Old Way: In the initial design of Insight, the system would read each of the live batches, typically *after* they had been processed. This older method required that Insight have network access to the file server(s) that held the batches.

The New Way: For new installs, the OPEX Scanners will send a summary of each batch *directly to the Insight server*, using the dedicated product specific OPEX Utility. This means that the Insight will *not* require any access to the raw batches, or to the site's batch file server(s). Note that this batch data will be completely sanitized before it is sent to Insight—it will not contain any OCR, MICR, or any other sensitive information.

ATTACHMENT C.

State of Michigan – Renew by Mail Current Process

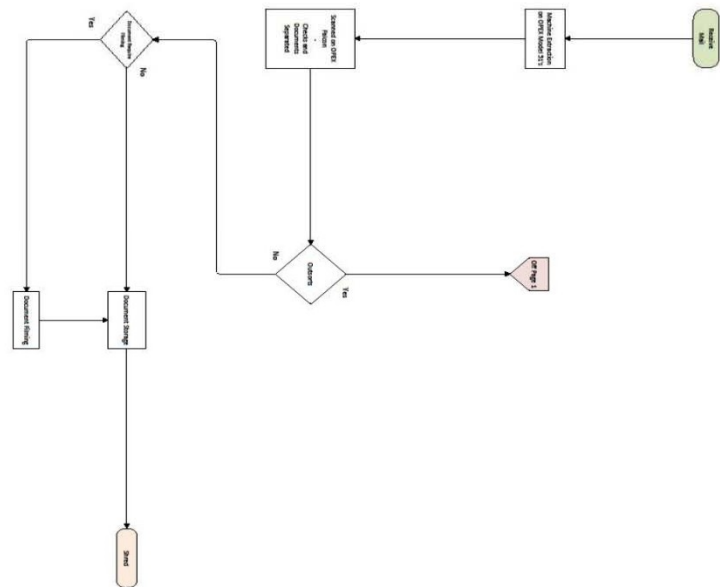


ATTACHMENT D.

State of Michigan – Renew by Mail Outsorts Flow



State of Michigan – Renew by Mail Proposed Future Process



ATTACHMENT F.



ATTACHMENT G.

The OPEX® Falcon™ scanner is manufactured by OPEX Corporation, with worldwide headquarters located in Moorestown, New Jersey. OPEX is the sole manufacturer of this unique product, and is solely responsible for its distribution into the marketplace.

What makes the OPEX Falcon truly one-of-a-kind is:

- Falcon™ combines OPEX's innovative one-step drop feed scanning with the performance of a high-capacity production scanner, providing the only universal document scanning workstation on the market.
- Falcon offers four versatile feeder options: drop-feeder, packet feeder, high-capacity feeder, and a unique Rescan Feeder.
- From thick paper to onion skin and fragile or damaged pieces, from envelopes and file folders to receipts, to small forms and business cards to three dimensional objects which can be imaged and placed directly into the electronic record – nearly any style or type of document can be scanned.
- Integrated customizable work surface
- OPEX's feature-rich CertainScan software is the perfect complement to Falcon providing auto-classification and the most intuitive way to visually classify documents as they are scanned.

The OPEX scanning and extracting equipment can be linked with the OPEX Insight™ Performance Management Software which is proprietary to OPEX. OPEX Insight is a software productivity suite that helps track the machine productivity, operator performance, and volume information of your OPEX products. OPEX is the sole source of the OPEX Insight software.

OPEX Corporation ("OPEX") is the sole authorized source for parts and service on its equipment. OPEX authorizes resellers and other third-parties to sell equipment and a maintenance agreement on our behalf, however, no third party has been authorized to act on behalf of OPEX regarding the maintenance of OPEX equipment. All warranty items, as well as all aspects of equipment support, are handled directly through the OPEX World Headquarters in Moorestown, New Jersey.

There are many reasons for this. The equipment utilizes proprietary service diagnostic software covered by various patents and copyrights. OPEX has not released or licensed this software to third parties. To effectively support OPEX equipment, these third parties would have to develop their own diagnostic software.

Second, when it comes to supporting and / or maintaining the machines, we have found that third parties generally do not perform the rigorous testing and maintenance programs that OPEX performs. As an example on the service side, we regularly inspect your equipment at various intervals throughout the year, replacing worn parts and performing service often before the machines actually experiencedowntime.

Finally, because OPEX does not distribute parts through third parties, these third party service organizations often install used parts in the machines or parts of sub-standard quality that do not meet the specifications defined by OPEX. OPEX only uses parts which have been pre-tested to meet our factory's quality standards. It should also be noted that many of the parts are manufactured exclusively by OPEX in its Moorestown facility.

ATTACHMENT H.

MASTER MAINTENANCE AGREEMENT ("Agreement")

By and between OPEX CORPORATION ("Vendor") and
[insert] ("Customer")

____ / ____ / 20____ ("Effective Date")

1. **BASIC TERMS.**

11 *Equipment Covered.* The machines specifically identified by serial number on Exhibit "A" shall be covered by this Agreement (collectively "Equipment"). Vendor shall furnish "Maintenance Service" (as defined in Paragraph 2.1 below) on Equipment at Customer's various Equipment "Sites" (as defined in Paragraph 2.2 below). Upon mutual agreement between the parties, and pursuant to the terms herein, Equipment may be added or deleted from the Exhibit "A" from time to time. All Maintenance Service shall be provided in consideration for the payment of Vendor's maintenance charges set forth herein, plus all sales and use taxes and such other governmental charges as may be imposed on the provision of goods and services hereunder. Service rates for the first year of this Agreement are detailed within Exhibit "B." Software license terms for the Equipment are detailed within Exhibit "C."

12 *Effective Date; Renew als.* Maintenance Service shall begin on the Effective Date listed above and shall continue for one year ("Initial Term"). This Agreement may be renewed from year-to-year upon the mutual agreement of both parties ("Renewal Term"). Payment by Customer of Vendor's invoicing for any Renewal Term shall be deemed as mutual agreement by the parties to renew this Agreement. Rates during any Renewal Term are subject to Vendors then current pricing.

13 *Equipment Not Previously Covered.* Any machine which Customer seeks to add to this Agreement that has not been continuously covered by a maintenance agreement with Vendor since the expiration of its warranty period, shall be subject to inspection by Vendor. After such inspection, if Vendor, in its sole discretion, determines that the machine is not operating in conformity with the "Published Specifications" (as defined in Paragraph 1.4 below), the machine shall be restored to good operating condition at Customer's expense, subject to Vendor's then current rates, as a condition of adding the machine to Exhibit "A."

14 *Routine Cleaning.* The day-to-day routine cleaning and minor adjustments on the Equipment, as described in both Vendor's equipment operating manuals and other supplementary material ("Published Specifications") which may be furnished by Vendor to Customer from time to time, shall be performed by Customer. Vendor will notify Customer in writing if the Customer fails to perform routine cleaning on the Equipment.

2. **MAINTENANCE SERVICE.**

21 *Maintenance Service, Generally.* Maintenance Service is defined as all labor and replacement parts necessitated by normal wear and tear from operation of the Equipment in accordance with Vendor's Published Specifications, in order to maintain the Equipment in good operating condition ("Maintenance Service").

22 *Definition of Customer's Equipment Site(s).* "Site" is defined as the one (1) floor within Customer's premises specified in Exhibit "A." Equipment moved to a different Site is subject to the limitations described in Paragraph 7(j) below.

23 *Service Calls.* Preventive Maintenance Service calls are those periodic calls initiated by Vendor to keep the Equipment operating in accordance with Vendor's Published Specifications ("PM's"). Demand Maintenance Service calls are those calls initiated by Customer to request that Vendor repair Equipment that is malfunctioning or not operating in accordance with the Published Specifications ("Demand Calls"). (A PM may be performed in conjunction with a Demand Call placed by Customer, depending upon, and at the discretion of, Vendor's service technician.) The minimum number of PM's and maximum number of Demand Calls for each piece of Equipment are outlined in the chart below.

Machine Type	Falcon
Demand	unltd
Preventive Maintenance	6

Demand Calls in excess of the maximum may be billed at Vendor's then current rates. Additionally, if Vendor, in its sole discretion, determines that the number of "unlimited" calls becomes unreasonable, Vendor reserves the right to charge for excessive Demand Calls after providing written notice to Customer.

24 Field Service Reports. Vendor shall furnish a summary of the Maintenance Service provided to the Customer upon completion of each Maintenance Service call ("Field Service Report"). The Field Service Report shall contain the following information: (1) date and time of arrival; (2) specific identification of Equipment serviced; (3) time of Maintenance Service; (4) description of the malfunction (if any); and (5) list of parts replaced.

25 Response Times. For all Equipment, Vendor shall exert all reasonable efforts to respond to Demand Call requests within four (4) hours after such call is received by Vendor, during the designated Coverage Hours.

2.7 Parts. Only new standard parts or parts of equal quality shall be used in providing Maintenance Service. Title to all replacement parts provided during the course of providing Maintenance Service pursuant to this Agreement will pass to Customer upon installation.

3. GENERAL TERMS.

31 Standard Maintenance Charge. Vendor's standard maintenance charge provides for Maintenance Service to Equipment covered during any mutually agreed upon Coverage Hours, subject to the terms and conditions set forth in Paragraph 4 below ("Standard Maintenance Charge").

32 Equipment Usage Charge. Actual Equipment usage shall be measured by Vendor every three (3) months or thirteen (13) weeks ("Quarterly Basis"). Any particular piece of Equipment which processes envelopes in excess of the volumes specified below shall be subject to an additional charge ("Additional Usage Charge"). Additional Usage Charges shall be calculated on half-shift increments; and shall be invoiced based upon 25% of Vendor's Standard Maintenance Charge.

To the extent that the number of envelopes processed by a particular piece of Equipment exceeds the numbers set forth below on a Quarterly Basis, an Additional Usage Charge shall apply:

<u>Equipment</u>	<u>Envelopes per quarter</u>
Falcon	N/A*

*NOTE: In the event that Equipment usage is extraordinary, Vendor, in its sole discretion, reserves the right to establish an Additional Usage Charge for this Equipment after providing Customer written notice.

33 Maintenance Service Coverage Hours, Generally. All Equipment located at a particular Site must be maintained during the same Maintenance Service schedule ("Coverage Hours"). Coverage Hours shall be governed by the terms and conditions set forth below.

3.3.1 Coverage Hours for a Site. For all Equipment, Vendor shall exert all reasonable efforts to respond to Demand Call requests within four (4) hours after such call is received by Vendor, during the designated Coverage Hours. For a Site, Coverage Hours shall be 7:00 am to 3:00 pm (Site local time), Monday through Friday, excluding Vendor Holidays.

34 Altering Coverage Hours. Customer shall be able to increase, decrease or shift, the Coverage Hours for a Site. However, in no event, may the Coverage Hours be decreased to less than forty (40) hours per week.

3.4.1 Increasing Coverage Hours. Upon thirty (30) days written notice, Customer may increase the Coverage Hours for a particular Site. Any increase in the Coverage Hours shall be subject to Vendor personnel availability and subject to Vendor's then current rates based upon half shift increments.

3.4.2 Decreasing Coverage Hours. Upon sixty (60) days written notice, Customer may decrease the Coverage Hours for a particular Site. This 60-day notice period applies to any decrease in Maintenance Service, including removing Equipment or Equipment options, reducing the number of covered shifts, or total termination of Maintenance Service for a Site. The notice period shall begin to run from the date on which Vendor receives the written notification. Upon receipt of the 60-day notice, Customer will be provided a credit for any unused Maintenance Service towards future Equipment or Maintenance Service, calculated from the date of the expiration of the sixty (60) day period.

3.4.3 Shifting Coverage Hours. Upon thirty (30) days written notice, Customer may shift the Coverage Hours for a particular Site. Any shift in the Coverage Hours shall be subject to Vendor personnel availability and subject to Vendor's then current rates.

35 Vendor Holidays. Vendor observes the following holidays: OPEX currently observes the following holidays: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Day. Starting in 2019, Vendor will observe the following holidays: New Year's Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, Christmas Day. Upon thirty (30) days written notice, Customer may obtain Maintenance Service coverage on Vendor Holidays. Vendor Holiday coverage shall be subject to Vendor personnel availability and subject to Vendor's then current rates.

36 "Weekend" Coverage. Upon thirty (30) days written notice, Customer may obtain Maintenance Service coverage on the two days per week not covered pursuant to Paragraph 3.3.1 above ("Weekend Coverage"). Weekend coverage shall be subject to Vendor personnel availability and subject to Vendor's then current rates.

37 Invoicing. Vendor shall invoice Customer annually in advance for the Standard Maintenance Charge. Any additional service charges (eg machine restoration pursuant to Paragraph 1.3, Weekend Coverage, etc.) shall be invoiced quarterly in arrears. Terms of payment are net thirty (30) days from date the invoice is issued. Late payments shall bear interest at the lesser of (i) 2% per month or (ii) the highest permissible rate by law, payable monthly.

4. PROPRIETARY TECHNOLOGY AND DIAGNOSTICS; CONFIDENTIALITY.

41 Technology. Vendor holds intellectual property rights in the Equipment, which includes the Equipment's computer operating system, software components and mechanical components (collectively "Technology"). No licenses, either express or implied, under any patents are granted by Vendor to Customer hereunder, except as expressly stated herein. Customer agrees that it shall not copy, remove, use (except for operation of the Equipment in accordance with the Published Specifications), or disclose Technology to any third party.

42 Diagnostics. In providing Maintenance Service, Vendor utilizes certain software diagnostics ("Diagnostics"). Vendor holds intellectual property rights in the Diagnostics, and the Diagnostics are for Vendor's exclusive use. Except with the express written consent of Vendor, Customer shall not use, copy, remove, or alter the Diagnostics. It is understood and agreed by Customer that upon termination of this Agreement, Customer shall either: (i) Return the Diagnostics to Vendor at Vendor's expense; or (ii) Purchase, according to Vendor's then current rates, a non-exclusive, non-transferable and personal limited license to use the Diagnostics.

43 Confidential Information. During the term of this Agreement, either party may have access to, or be given, certain technical information or data, customer information or data, manuals, drawings, sketches, models, samples, tools, or the like, of the other Party, which are of a confidential and/or proprietary nature (collectively "Information"). All Information furnished to the receiving party, whether written, oral or otherwise, shall remain the sole and exclusive property of the disclosing party. Upon request, all Information shall be returned to the disclosing party. Unless such Information: (i) was previously known to the receiving party free of any obligation to keep it confidential; (ii) is subsequently made public by the disclosing party or by a third party, other than by breach of agreement; or (iii) is required to be disclosed to any governmental agency or court of competent jurisdiction by written order or decree (in which case the disclosing party shall be given prompt notice by the receiving party of such order or decree, and shall be given an opportunity to contest or direct such disclosure); the Information shall be kept confidential by the Receiving Party and shall be used solely for the purposes of fulfilling the terms of this Agreement.

5. WARRANTY; WARRANTY LIMITATIONS.

Vendor warrants that all work required to be performed hereunder shall conform to the descriptions contained in this Agreement and will be performed in a professional manner according to generally accepted industry standards. THE FOREGOING EXPRESS WARRANTY IS IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE AND THERE ARE NO WARRANTIES WHICH ARE NOT CONTAINED IN THIS AGREEMENT.

6. INFRINGEMENT AND GENERAL INDEMNIFICATION.

6.1 Patent, Copyright and Trademark Infringement Indemnification. Vendor will (i) indemnify, hold harmless and defend Customer, at Vendor's expense, from and against any claim brought against Customer alleging that any portion of the Equipment infringes a European Union, Canadian or United States patent, copyright, trademark, or other intellectual property right, of any third party; and (ii) hold Customer harmless from and against all costs and damages finally awarded, provided that Vendor is given prompt written notice of such claim and is given information, reasonable assistance, and sole authority to defend or settle the claim.

6.1.1 Infringement Defense. In the defense or settlement of a claim pursuant to Paragraph 6.1 above, Vendor may: (i) obtain for Customer the right to continue using the Equipment; (ii) replace or modify the Equipment so that it becomes non-infringing; or (iii) if remedies (i) and (ii) are not reasonably available, grant Customer a depreciated refund pro-rata based upon a sixty (60) month life, measured from the original installation date of the Equipment.

6.1.2. Infringement Indemnification Limitations. Vendor shall not have any liability if the alleged infringement is based upon the use or sale of the Equipment in combination with other products or devices not furnished or approved by Vendor. VENDOR DISCLAIMS ALL OTHER LIABILITY FOR PATENT, COPYRIGHT OR TRADEMARK INFRINGEMENT, INCLUDING ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND THE RIGHTS STATED HEREIN ARE THE CUSTOMER'S SOLE AND EXCLUSIVE REMEDY.

6.2 General Indemnity. Each Party shall indemnify and hold harmless the other party, its affiliates, and its and their directors, officers, employees and agents from and against all losses, liabilities, judgments, awards, settlements, damages, fines, injuries, penalties and costs (including legal fees and expenses) to or in favor of others, as well as all claims, causes of action and suits by others; including without limitation employees, subcontractors or agents of the indemnified party and its affiliates for personal injury (including death) or real and/or tangible property damage, arising out of acts or omission to act under this Agreement.

6.3 Defense of Claim. In the event of any such claim set forth in Paragraph 6.2 above, at the request of the indemnified party, the indemnifying party shall at its sole expense defend all claims, suits or proceedings arising out of the foregoing. The indemnifying party shall be notified promptly of any such claims, suits or proceedings in writing, and shall have full and complete authority, information and assistance for the defense of such claim; provided, however, the indemnifying Party shall have no authority to enter into any settlement or compromise on behalf of the indemnified Party without the prior written consent of the indemnified Party, which consent shall not be unreasonably withheld. In all events, the indemnified Party shall have the right to participate in the defense of any proceedings with counsel of its own choosing, at its expense.

7. LIMITATIONS.

7.1 Maintenance Service Limitations. Notwithstanding anything herein to the contrary, Vendor shall have no obligation hereunder to provide Maintenance Service to Equipment which has deteriorated to such an extent that it cannot, in the reasonable discretion of Vendor, be maintained and needs to be replaced. Vendor shall provide written notice of any such deterioration. Vendor's obligations to provide Maintenance Service shall also terminate if Customer:

(a) fails to provide Vendor with sufficient access to the Equipment, subject to Customer's reasonable Site policies and procedures;

(b) negligently stores, handles operates or alters the Equipment, or uses the Equipment for purposes other than those set forth in the Published Specifications;

(c) continues to fail to provide routine cleaning after being provided notice by Vendor pursuant to Paragraph 1.3 above;

(d) fails to continually provide a suitable environment with all facilities and power as prescribed in the Published Specifications;

(e) uses or operates the Equipment beyond its intended design parameters;

(f) damages the Equipment through its use in conjunction with machinery or software not covered by this Agreement;

(g) performs work, or allows a third party to work, on the Equipment, which is not authorized by Vendor;

(h) alters or modifies in any way, the safety mechanisms, without the written consent of Vendor;

(i) operates the Equipment with envelopes or enclosures other than those specified in the Published Specifications; or

(j) Customer's relocating Equipment to a Site other than that defined in this Agreement; provided, however, that should Vendor and Customer agree to continue Maintenance Service on Equipment moved to another Site, Customer's Equipment shall be subject to inspection by Vendor, at Vendor's published rates and terms then in effect for such service, prior to Vendor resuming Maintenance Service on Customer's Equipment.

72 General Limitations. In no event shall either party be liable to the other, whether in an action in negligence, contract or tort or based on a warranty or otherwise, for loss of profits, revenue, or loss or inaccuracy of data, or any indirect, incidental, punitive, special or consequential damages incurred by the other party or any third party, even if the party has been advised of the possibility of such damages. Further, except to the extent that liability arises from: (i) a breach by either party of its confidentiality obligations in Section 4.3; or (ii) instances of either Party's gross negligence or willful misconduct; each party's liability for damages under this Agreement, whether in an action in negligence, contract or tort or based on a warranty, shall not exceed the annual fees payable for the Maintenance Service.

8. GENERAL PROVISIONS.

81 Governing Law . This Agreement shall be construed in accordance with the laws of the State of New Jersey. Any claim arising out of or in connection with this Agreement shall be brought only in the district court in and for the State of New Jersey, and Customer agrees to personal jurisdiction over it in such court.

82 Fees Due For Breach . In the event that one of the parties hereto breaches or defaults on any of its obligations or responsibilities under this Agreement (the "Breaching Party"), then on behalf of the party not in default (the "Non-Breaching Party"), the Breaching Party shall indemnify, and be responsible for, the reasonable attorneys' fees, costs, and expenses incurred by the Non-Breaching Party in enforcing or remedying any breach hereunder by the Breaching Party.

83 Assignment. Neither party may assign this Agreement unless mutually agreed upon by the parties, such agreement not to be unreasonably withheld by either party. However, in no event shall this Agreement be assigned to a competitor of Vendor.

84 Rights Cumulative; Non-Waiver. All rights and remedies conferred under this Agreement or by any other instrument or law shall be cumulative and may be exercised singularly or concurrently. Failure or delay by either party to enforce any contract term herein shall not be deemed a waiver of future enforcement of that or any other term.

85 Severability. In the event any one or more of the provisions contained herein shall for any reason be held to be unenforceable in any respect under the law of any state or of the United States of America, such unenforceability shall not affect any other provision of this Agreement, but this Agreement shall then be construed as if such unenforceable provision or provisions had not been contained herein.

86 Nondiscrimination. Vendor is an equal employment opportunity employer and is a federal contractor. Consequently, Vendor and Customer (as applicable) agree that they will comply with Executive Order 11246, the Vietnam Era Veterans Readjustment Assistance Act of 1974 and Section 503 of the Rehabilitation Act of 1973 and also agree that these laws are incorporated herein by this reference. The parties further agree that they will comply with the provisions of Executive Order 13496 (29 CFR Part 471, Appendix A to Subpart A), as applicable, relating to the notice of employee rights under federal labor laws.

87 Force Majeure. Neither Vendor nor Customer shall be held responsible for any delay or failure in performance of this Agreement caused by fires, strikes, embargoes, government requirements, acts of God or public enemy or other similar causes beyond their reasonable control.

88 Order of Precedence. Unless otherwise provided herein or agreed to in a signed writing, documents will apply in the following descending order of precedence: (i) main body of this Agreement; (ii) Exhibits "A" and "B;" and (iii) all other transaction documents.

89 Entire Agreement. This Agreement, the Exhibits and documents incorporated herein, are the final, full and exclusive expression of the understandings of the parties and supersedes all prior agreements, understandings, writings, proposals, representations and communications, oral and written, of either party.

By signing below, the Parties agree to be bound by the terms of this Agreement and any attached Exhibits.

OPEX CORPORATION ("Vendor")

[insert] ("Customer")

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT "A" EQUIPMENT SCHEDULE

1) Customer's Name: [insert]

2) The Equipment covered by this Agreement is located at the following Site(s):

[insert]

3) The Equipment covered by this Agreement includes the machines described below:

(a) Machine Description: [insert]
Serial Number(s): [insert]

(b) Machine Description: [insert]
Serial Number(s): [insert]

By signing below, the Parties agree to be bound by the terms of the Agreement and this Exhibit "A."

OPEX CORPORATION ("Vendor")

[insert] ("Customer")

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT "B" SERVICE PRICING

Pricing for the Initial Term of the Agreement is based on the current rates set forth herein, prepaid annually in advance, per shift, per site. Pricing for any Renewal Term is subject to change, based upon Vendor's published rates then in effect.

<u>Product Description</u>	<u>Price Each</u>	<u>QTY</u>	<u>Extended Price</u>
[insert]	[insert]	[insert]	[insert]
Total Service Costs (pre-tax)			\$[insert]

NOTE: THIS AGREEMENT SPECIFICALLY EXCLUDES VENDOR'S NETWORKING SOLUTION PRODUCT AND ANY OPEN SCAN PRODUCT(S). Any Maintenance Service provided by Vendor to Customer on Vendor's Networking Solution Product will be provided on a time and materials basis only, according to Vendor's published terms and rates then in effect for such service.

EXHIBIT "C"

Software Use License Agreement by and between OPEX Corporation ("OPEX") and _____ ("LICENSEE")

The following are the terms and conditions under which OPEX agrees to grant Licensee use of all software programs ("Software") installed in and/or operational with OPEX manufactured equipment ("Equipment"):

1. LICENSE GRANT

In consideration for timely payment of OPEX's Software licensing fees, OPEX grants LICENSEE a personal, non-transferable, and non-exclusive right to use the Software. The Software may be used only in connection with the Equipment specified in Exhibit A attached hereto.

2. SOFTWARE OWNERSHIP

All Software is a proprietary product of OPEX and is protected by copyright laws and international treaties. OPEX retains all right, title, and interest in the Software, and all copies of the Software, regardless of the media or form on or in which the Software or other copies may exist, including copies which are made in violation of the terms of this License. Nothing contained herein shall constitute a sale by OPEX of any rights in the Software.

3. LICENSEE OWNERSHIP

The LICENSEE owns the media onto which the licensed Software is downloaded, but not the Software. This License is not a sale of the original Software or of any copy thereof.

4. RESTRICTIONS ON USE

LICENSEE may not:

- (a) transfer the Software to multiple pieces of Equipment or third-party machinery;
- (b) distribute copies of the Software or accompanying materials to others;
- (c) copy, modify, adapt, translate, reverse-engineer, decompile, disassemble, or create derivative software based on the Software; or
- (d) copy, modify, adapt, translate, or create derivative documentation based on OPEX written materials.

5. RESTRICTIONS ON ASSIGNMENT OR TRANSFER

LICENSEE shall not assign, rent, lease, sell, sublicense, pledge, encumber or otherwise transfer the Software to another party without the prior written consent of OPEX, which shall not be unreasonably withheld. However, LICENSEE shall be able to transfer its right of use of the Software to an "Affiliate," defined as an entity that controls, is controlled by, or is under common control with, LICENSEE.

6. TERMINATION

This License is effective until terminated, and will automatically terminate if LICENSEE fails to comply with any terms of this License, including without limitation, continued timely payment of OPEX's annual Software licensing fees. Upon termination, LICENSEE shall immediately return all Software, all copies thereof, and all printed and written materials to OPEX at LICENSEE's expense.

7. SOFTWARE UPDATES

The Software is subject to change without notice to LICENSEE. The Software is subject to change without notice to LICENSEE. "Updates" shall mean Updates (excluding Upgrades as defined below) for the Software that OPEX shall provide to LICENSEE at no additional charge when Updates are made generally available to OPEX's other similarly situated customers at no additional charge. "Upgrades" shall mean any enhancements, new version of the Software or newer version of the Software (contains more fully-feature version of Software current licensed to LICENSEE) that OPEX makes generally available to LICENSEE and other similarly situated customers at a cost. Updates of the Software may be created or issued by OPEX from time to time. At its sole option, OPEX may make such Updates available to LICENSEE. If OPEX makes any Upgrades of the Software commercially available to similarly situated customers then LICENSEE shall, at its sole discretion, purchase such Upgrade, in accordance to OPEX's then current rates.

8. SPECIAL FUNCTION SOFTWARE

Upon request, and at its sole discretion, OPEX may provide additional software services to modify the then existing functionality or to add additional functionality not contained in the Software ("Special Function Software"). Special Function Software shall be provided at an additional cost mutually agreed upon prior to installation.

9. LIMITED WARRANTY

For a period of ninety (90) calendar days following the original installation date of the Equipment and the Software, all Software supplied pursuant to this License shall substantially conform to OPEX's written specifications. In the event that the Software does not so conform, OPEX will provide LICENSEE programming services as may be required to correct documented program errors to the extent that such errors are not caused by: (i) defects or problems related to LICENSEE's use of the Software or Equipment in a manner inconsistent with OPEX's written specifications or the terms of this License; or (ii) defects or problems relating to alteration of the Software or Equipment by LICENSEE.

OPEX DOES NOT WARRANT THAT THE OPERATION OF SOFTWARE SUPPLIED HEREUNDER WILL BE ERROR OR "BUG" FREE. EXCEPT AS PROVIDED HEREIN, THE SOFTWARE IS PROVIDED WITH NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS OR SUITABILITY FOR A PARTICULAR PURPOSE.

10. LIMITATION OF LIABILITY

LICENSEE acknowledges and agrees that the combined liability, if any, of OPEX and its third-party suppliers for any loss or damage from any cause whatsoever, and regardless of the form of the action, whether in contract or in tort, including negligence, shall in no event exceed, in the aggregate, OPEX's annual Software licensing fees for which LICENSEE is invoiced.

IN NO EVENT SHALL OPEX BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF DATA, LOSS OF ANTICIPATED PROFITS OR ANY OTHER ECONOMIC LOSS IN CONNECTION WITH THE EQUIPMENT SOLD OR SOFTWARE LICENSED UNDER THIS LICENSE.

Exhibit C-1

The annual license fees quoted below are based on OPEX's current rates prepaid annual in advance, and are subject to change upon annual renewal of this License.

I. Customer Site:

- (a) Machine Description:
Serial Number(s):
Fees:



This Proposal is Prepared Exclusively For:

Michael Fildey
Michigan Dept. of State
fildeym@michigan.gov

FALCON
MODEL 72
Proposal #: 156704 - 5
26-FEB-2019

Submitted by:

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PRODUCT DESCRIPTION

OPEX® FalconRED

FalconRED combines the extraordinary capabilities of the Falcon scanner with the most efficient envelope opening and extraction unit on the market, the OPEX Model 72 Rapid Extraction Desk (Model 72 RED). **One operator can open envelopes, extract contents, and scan everything in one step, on one platform, with little or no prep.**

Efficient envelope opening is achieved using milling cutter technology and an auto-jog transport that shifts envelope contents away from the cutters, making FalconRED ideal for applications that involve thick or over-stuffed envelopes. Additionally, the Model 72 can process intermixed envelopes of varying thicknesses, including items that were previously difficult to process like multi-page forms, tax documents and other similar, thicker envelopes.

Falcon

From document conversion services to mobile scanning to digital mail centers, Falcon is the only prep-reducing scanner on the market to address the most pressing of scanning needs all in one flexible platform. Falcon allows operators to prep and scan at a faster rate than most current prep-only processes. This significantly reduces costs associated with preparing documents for scanning. Additionally, minimizing prep, paper handling, and other manual tasks not only improves efficiency, but also results in superior document integrity. Documents are handled once and converted to image. Operators can view images in real-time to ensure proper capture and identification. This reduces time-consuming and costly rescans later in the process.

The advantages start with Falcon's unique feeder which provides a dynamic process proven to reduce prep and increase scanning accuracy. Patented drop-feed technology allows for efficient scanning directly from file folders, while intelligent packet sensing capabilities adjust track speed for optimal scanning throughput. The high-capacity feeder handles large stacks of mixed document types, **making the need for additional high-volume production scanners unnecessary.** Falcon's unique Rescan Feeder is designed for fast and efficient rescans without disrupting the overall scanning process.

Falcon has a customizable work surface with options to fit the footprint of most scanning environments. The optional motorized table provides adjustable height settings for maximum operator comfort. Falcon comes equipped with a 22-inch touch-screen monitor for enhanced viewing of scanned images and easy one-touch page-type classification.

Falcon scans everything from single sheets in a wide range of sizes to multiple large stacks of paper. The Falcon conveyor can hold more than 700 pages at any given time, allowing maximum throughput and uninterrupted processing. From thick paper to onion skin and fragile or damaged pieces, from envelopes and file folders to receipts, to small forms and business cards - nearly any style or type of document can be scanned. With the optional external capture device and software, three dimensional objects can be imaged and placed directly into the electronic record.

All Falcon models come equipped with three programmable output sort bins and one programmable straight-path sort bin for extra thick and delicate items. Various media detection capabilities come standard on Falcon, including multi-feed, height, length and document skew detect, as well as envelope detection.

Falcon can be outfitted with several, popular options: Front and rear audit trail printing; rear graphics printing (accommodates Code 39 barcodes); MICR+; Kofax VRS® image enhancement capability; and customizable document identification technology for unrecognized documents, including multi-function page-type IdAssist, and KeyAssist.

OPEX Model 72 Rapid Extraction Desk (RED)

The Model 72 Rapid Extraction Desk, or RED for short, is equipped with an all-new feeder, milling cutter capability, and an auto-jog transport that shifts envelope contents away from the cutters, it is ideal for applications that involve thick or over-stuffed envelopes. The Model 72 can process intermixed envelopes of varying thicknesses, including items that were previously difficult to process like multi-page forms, tax documents and other similar, thicker envelopes.

Milling cutting offers a smaller cut depth which significantly reduces the potential of cutting contents. The feeder adjusts on-the-fly to accommodate the widest range of envelopes possible. The entire envelope path has been optimized to also accommodate irregular-sized envelopes. In short, the Model 72 offers efficient, secure, and reliable mixed envelope opening and extraction.

CertainScan 4.0

OPEX's CertainScan 4.0 - a Windows 10-based, feature-rich 64 bit host software package that is the perfect complement to OPEX's Falcon series of scanners. CertainScan 4.0 provides the most intuitive way to capture, classify, and sort documents. In addition to indexing up to twenty unique fields, users can also edit live and suspended batches, convert images and metadata in ways that map with their own unique workflows, and perform a host of other functions. CertainScan 4.0 allows up to twelve page-type classifications.

Through the use of CertainScan Edit, the editing of batches while scanning is now possible. The editor also allows for the copying and pasting of metadata and snippets. Various editing modes allow the user to recover an interrupted batch, limit editing to metadata only, or perform full, advanced editing functions.

OPEX Transform, another feature available through CertainScan 4.0, provides a configurable utility that converts OPEX standard output file formats (OXI and ODI) into the more universal XML and ASCII file formats. Additionally, there are other ways to uniquely transform data and images. For example, it is possible to convert standard TIFF and JPEG images into multi-page TIFF, PDF, and PDF/A files.

PURCHASE PAYMENT TERMS

Product configuration and pricing can be found on the last page of this proposal. Prices quoted are those currently in effect and will be held firm for until June 28, 2019. Prices quoted are FOB Moorestown, NJ. Terms of payment are net thirty (30) days from date of delivery. All applicable taxes and freight charges are additional.

The prices listed in this proposal are contingent upon purchasing the quantity listed. If the purchased quantity varies from the quoted quantity, the price of each unit may be adjusted accordingly as set forth in OPEX's price schedules. All prices are subject to change on a periodic basis.

OPEX Equipment Trade-In Allowance Information:

OPEX offers a total one-time trade-in credit amount of \$2,000.00 as set forth in this Proposal for the purchase of four (4) new Falcon units and three (3) new Model 72 units **and** the trade-in of four (4) Model 51 units. Should either the total quantity for the purchase of four (4) Falcon units and three (3) Model 72 units **or** the total trade-in quantity of four (4) Model 51 units change on this transaction, OPEX reserves the right, at our sole discretion, to adjust the trade-in credit accordingly. OPEX and Michigan Dept. of State will work out the schedule for OPEX to take possession of the four (4) Model 51 units, but this must be accomplished within ninety (90) days of installation of the four (4) new Falcon units and three (3) new Model 72 units. For reference purposes, the trade-in credit includes the cost of OPEX removing the Model 51 units from your site.

INSTALLATION AND TRAINING

The purchase price includes not only the equipment, but also the installation of the equipment and the training of machine operators using your media. OPEX Sales and Service Teams will oversee all aspects of installation and thoroughly test machine components to insure that everything is running smoothly. Besides this initial training, OPEX also provides periodic on-site refresher training, at no additional cost, for the life of the equipment.

WARRANTY INFORMATION

OPEX warrants to the original purchaser that, a.) OPEX shall transfer good title to the Product to purchaser; b.) All services provided by OPEX pursuant to this proposal will be performed in a good and workmanlike manner, based upon commercially reasonable practices and standards; and c.) OPEX shall repair or replace defective parts, including labor, and shall perform preventive maintenance at no cost to purchaser for a period of 30 days commencing from the date of delivery. Labor during the warranty period is limited to OPEX's standard maintenance hours, 7 AM to 3 PM, Monday through Friday, excluding OPEX holidays.

THE FOREGOING EXPRESS WARRANTIES ARE EXCLUSIVE AND MADE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. OPEX SHALL NOT BE LIABLE FOR ANY DAMAGES ARISING OUT OF OR IN CONNECTION WITH ITS PERFORMANCE PURSUANT TO THIS PROPOSAL, THE PRODUCTS OR SERVICES SOLD HEREUNDER, OR THEIR USE BY PURCHASER, AND SHALL NOT BE LIABLE FOR ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES TO PROPERTY, PERSONS OR OTHERWISE, TO THE FULLEST EXTENT PERMITTED BY LAW, ARISING OUT OF OR IN CONNECTION WITH THIS PROPOSAL, THE PRODUCTS AND SERVICES SOLD HEREUNDER, OR THE OPERATION OF THE PRODUCTS, REGARDLESS OF WHETHER OR NOT OPEX HAS ACTUAL KNOWLEDGE OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE. PURCHASER AND OPEX AGREE THAT PURCHASER'S SOLE AND EXCLUSIVE REMEDY SHALL BE LIMITED TO DAMAGES IN AN AMOUNT NOT TO EXCEED THE AMOUNT OF THE PURCHASE PRICE OF A PARTICULAR PRODUCT OR THE COST OF A SERVICE HEREUNDER, WHICHEVER IS LESS. ALL ACTIONS ON THE WARRANTIES, HEREUNDER MUST BE COMMENCED WITHIN SIX (6) MONTHS OF THE DATE OF DELIVERY OR BE OTHERWISE LOST. THIS LIMITED WARRANTY AND THE LIMITATION ON REMEDIES CONTAINED HEREIN ARE REFLECTED IN THE PURCHASE PRICE OF THE PRODUCTS.

SERVICE INFORMATION

The focus of the OPEX service contract is to provide a regular schedule of preventive maintenance. For Falcon and FalconRED, the contract covers all parts required during the contract year, unlimited demand calls, plus labor for preventative maintenance calls. The Falcon receives six (6) preventative maintenance calls annually. The RED (Model 72), if included, receives twelve (12) preventative maintenance calls annually. Simple cleaning of the machine by the customer is necessary at the end of each shift for proper operation.

OPEX has quoted the following service prices on pages 9 through 11 of this proposal (pages 90-92 of this Contract). The service prices are outlined in the following manner:

- 2019 Prorated Service Costs – These are not to exceed service costs calculated from the expiration of the equipment's 30 day warranty period and ending on 9/30/2019.
- Additional Years of Annual On-Call Maintenance Service Fees – OPEX has quoted annual on-call maintenance service prices from 10/1/2019 – 9/30/2020, 10/1/2020 – 9/30/2021, 10/1/2021 – 9/30/2022, 10/1/2022 – 9/30/2023 and 10/1/2023 – 9/30/2024. For any time periods starting on 10/1/2024 and later, the purchase of services will be based on OPEX's then current published annual service rates.
- All rates are based on the prepayment annually in advance payment option. All on-call maintenance services are provided during the standard on-call coverage hours of 7 AM to 3 PM, site local time, Monday through Friday, excluding OPEX holidays.

Quoted service pricing is per machine for a single shift of coverage and usage, payable annually in advance. Additional service is prorated based on usage and contracted coverage. Taxes, freight and consumable items are not included. Upon renewal of the contract, the pricing schedule then in effect will apply. Terms of payment are net thirty (30) days from the date of invoice.

The service price for the Falcon base machine listed in this proposal includes OPEX CertainScan licensing fee. This, and all other applicable licensing fees, is due on an annual basis in accordance with OPEX's published rates and terms then in effect. These licensing fees are normally itemized on your annual Maintenance Agreement invoice, but are billed separately in the event you choose not to purchase an OPEX service contract.

Pricing includes the programming of three (3) jobs by OPEX personnel. Additional jobs can be programmed at a rate of \$200 per job.

Certain products and product features utilize proprietary components, processes, software, and technical support materials developed or supplied by OPEX Corporation or its authorized third-party providers. These proprietary materials are covered by various patents, copyrights, and licenses and may not be copied, reproduced or altered in any manner without prior written authorization and licensing from OPEX. Some of these proprietary materials also carry additional annual licensing fees, as indicated within this proposal. In order to protect these proprietary materials from unauthorized use, OPEX may require end users to sign a separate software use license agreement, generally prior to installation of the equipment. Even in the absence of a signed agreement, end users must pay any annual license fees applicable to the software as a condition of being able to use licensed materials, with payment constituting acceptance of the terms set forth in any applicable software use license agreement.

SOFTWARE LICENSE

This proposal includes OPEX equipment configured with CertainScan 4.0 (including Edit and Transform capabilities) software ("CS Software"). As applicable, OPEX may also make available to you from time to time optional features software for OPEX Equipment ("Optional Features Software"). Both CS Software and Optional Features Software are furnished pursuant to a personal, non-exclusive and non-transferrable license.

License fees ("License Fees") for CS Software and Optional Features Software shall be due on an annual



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recurring basis in accordance with OPEX's published rates and terms then in effect. Such License Fees are in addition to any charges for OPEX maintenance services. As a convenience to you, we may include the License Fees for CS Software in our maintenance service charges.

Software licenses are not transferable with the Equipment (e.g., if the Equipment is sold or given to a third party), and all Software must be re-licensed by OPEX based on OPEX's pricing then in effect.

Please note that if a Maintenance Agreement is not purchased after the warranty period or is cancelled at any time, Diagnostic Software may be licensed on an annual basis per machine, in accordance with OPEX's pricing and terms and conditions then in effect.

CONFIDENTIALITY

The information contained in this document is proprietary and may not be distributed to any third party without the prior written consent of OPEX.

CONTACT INFORMATION

At OPEX Corporation, we strive to provide the highest levels of customer satisfaction from all facets of the company. I look forward to meeting with you in person to review this proposal and answer any questions you may have. You can also visit our website at www.opex.com to find out more about OPEX products and services. Should you need to speak with me in the meantime, please do not hesitate to contact me at 856.727.1100, or simply reply to my email. Thank you again for the opportunity to serve your organization.



SALES PROPOSAL

305 Commerce Drive
Moorestown NJ 08057- 4234
United States

Phone : 856-727-1100
Fax : 856-727-1955
Email : vrobbins@opex.com

Proposal : 156704 - 5
Date : 26-FEB-2019

BILL TO:

Michigan Dept. of State
Renew By Mail Unit
7064 Crowner Dr. Scndry Cmplx
Lansing, Eaton
MI 48918-0001
US

SHIP TO:

Attn: Michael Fildey
Michigan Dept. of State
Renew By Mail Unit
7064 Crowner Dr. Scndry Cmplx
Lansing, Eaton
MI 48918-0001
United States

QTY	DESCRIPTION	OPEX LIST PRICE	SELL PRICE	LINE TOTAL
3	*FALCON BASE MACHINE WITH CORRUGATOR (NA) 120V	39,500.00	*38,710.00	116,130.00
3	FALCON WINDOWS 10 64 BIT W/BITLOCKER	Included	-	-
3	FALCON MICR (PLUS)	4,850.00	4,850.00	14,550.00
3	FALCON REAR STANDARD PRINTER ONLY	600.00	600.00	1,800.00
3	FALCON 1D BARCODE SUITE SOFTWARE	860.00	860.00	2,580.00
3	FALCON REF ID SOFTWARE	1,070.00	1,070.00	3,210.00
3	FALCON VRS TECHNOLOGY SOFTWARE	2,855.00	2,855.00	8,565.00
3	FALCON MULTISLOT ID ASSIST TOWER	1,050.00	1,050.00	3,150.00
3	M72 BASE W/ MILLING TOP CUTTER 110V	30,100.00	30,100.00	90,300.00
3	ASM M72 FRAME ADJUSTABLE HEIGHT 110V US LIFT SYSTEM OPT SA	2,750.00	2,750.00	8,250.00
1	FALCON TO M72 MOUNTING RETRO FL	1,500.00	1,500.00	1,500.00
1	*FALCON BASE MACHINE WITH CORRUGATOR (NA) 120V	39,500.00	*38,710.00	38,710.00
1	FALCON WINDOWS 10 64 BIT W/BITLOCKER	Included	-	-
1	FALCON MICR (PLUS)	4,850.00	4,850.00	4,850.00
1	FALCON REAR STANDARD PRINTER ONLY	600.00	600.00	600.00
1	FALCON 1D BARCODE SUITE SOFTWARE	860.00	860.00	860.00
1	FALCON REF ID SOFTWARE	1,070.00	1,070.00	1,070.00
1	FALCON VRS TECHNOLOGY SOFTWARE	2,855.00	2,855.00	2,855.00
1	FALCON MULTISLOT ID ASSIST TOWER	1,050.00	1,050.00	1,050.00
4	**TRADE-IN ALLOWANCE FOR MODEL 51	-500.00	-500.00	-2,000.00
1	***FREIGHT-COMMON CARRIER	3,150.00	3,150.00	3,150.00

1	FEE-PROFESSIONAL SERVICES	2,500.00	2,500.00	2,500.00
	Installation, Operator Training and Programming of 3 Jobs****, Per Falcon Unit	Included	-	-
Any applicable software licensing and/or maintenance fees are due on an annual basis in accordance with OPEX's published rates and terms then in effect. These fees are normally itemized on the annual Maintenance Agreement invoice, but are billed separately in the event you do not have an OPEX service contract.			EQUIPMENT (USD)	300,530.00
			FREIGHT (USD)	3,150.00
			TOTAL (USD)	303,680.00

To place an order, please return one signed original to OPEX with your payment or purchase order. Thank you.

Signature : _____

Name : _____

Title : _____

Date : _____

P.O. #. (Optional) _____

Please refer to Page 9 below of Proposal 156704-5 dated February 26, 2019 for Service Pricing and details (page 90 of this Contract).

***Falcon Purchase Discount**

The current retail price for the OPEX Falcon Scanner (base machine only) for one unit is \$39,500.00 (pre-tax). The per unit "Sell Price" set forth above in this Proposal #156704-5 for the Falcon base machine reflects a machine quantity discount of two percent (2%) and is contingent upon Purchaser purchasing the quantity listed above. If Michigan Dept. of State purchases less than four (4) Falcon units, then the unit price will be subject to change. The two percent (2%) discount applies to the Falcon base machine only and is not applicable to the Falcon options (i.e., MICR+, Rear Standard Printer, 1D Barcode Software, Reference ID Software, VRS Technology Software, Multislot ID Assist Tower, etc.), retro-fit fee, service, and/or annual software license fees.

****Trade-In Allowance Information:**

Please refer "OPEX Equipment Trade-In Allowance Information" on page 4 of this proposal (page 85 of this Contract) in the section titled "Purchase Payment Terms" for additional trade-in allowance information.

*****Freight:**

The above quoted freight is the not to exceed estimated freight charges and are subject to change without notice. The freight above is contingent upon all equipment being shipped at once. Should shipping of the OPEX Equipment be broken into multiple freights, the freight cost is subject to change. The actual freight charges will be determined on the actual date of payment, which may be higher or lower than the freight costs listed in this Proposal #156704-5. Please add \$75 if a lift gate is needed.

******Programming of Jobs:**

The purchase of one (1) Falcon unit includes the programming of 3 jobs. Each additional job is \$200.00, per job, per Falcon unit.

Please speak to your Account Executive, Vanna Robbins, for full details regarding Professional Services and the Professional Services' Fee for Michigan's needs.



2019 Prorated Service Costs

The below quoted service pricing for four (4) new Falcon scanners and three (3) new Model 72 Rapid Extraction Desks is a prorated service cost based upon prepayment annually in advance pricing.

The prorated cost provided below is a not to exceed estimated cost for prorated service for three (3) months 7/1/2019 – 9/30/2019. This cost is OPEX's estimated guess of the earliest the OPEX Equipment can be ordered, shipped, delivered, installed, and the thirty (30) day warranty expiring. Should the expiration of the warranty occur after July 1, 2019, the prorated amount will also be subject to change and OPEX will invoice Michigan Dept. of State only for the days in which the service contract with OPEX is active. Service fees will be billed only for the days after expiration of the thirty (30) day warranty.

QTY	DESCRIPTION	OPEX Estimated Prorated Price (92 days) 7/1/2019 – 9/30/2019	Extended Price
4	Service: Falcon Base Machine	\$1,624.49	\$6,497.97
4	Service: Falcon Multi-slot ID Assist Tower	\$30.25	\$120.99
4	Service: 1D Barcode Annual Software License Fee	\$51.67	\$206.68
4	Service: VRS Technology Annual Software License Fee	\$147.45	\$589.81
4	Service: MICR+ Annual Software License Fee	\$197.86	\$791.45
3	Service: Model 72 Base Machine	\$699.45	\$2,098.36
Estimated Not to Exceed Prorated Service Cost (pre-tax)			\$10,305.26

OPEX Additional Years of Annual Service

Period of Performance: 10/1/2019 – 09/30/2020

The below service prices quoted are based upon OPEX's prepayment annually in advance option for a full year of OPEX maintenance services, Monday through Friday, 7AM-3PM, site local time, excluding OPEX holidays. These prices are for the period of performance from October 1, 2019 through September 30, 2020. Should the thirty (30) day warranty not expire on all new equipment by October 1, 2019 pricing will adjust accordingly. Please note, the below quote includes Michigan's currently owned Model 72 (s/n 17548) which is being retrofitted to one (1) of the four (4) new Falcon scanners and presently holds a maintenance contract with OPEX that would renew on October 1, 2019. As such, of the four (4) Model 72 units, three (3) Model 72 units will be purchased by Michigan under this proposal and the 4th Model 72 unit (s/n 17548) will be retrofitted to one of the four (4) new Falcon units.

QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
4	Service: Falcon Base Machine	\$6,445.00	\$25,780.00
4	Service: Falcon Multi-slot ID Assist Tower	\$120.00	\$480.00
4	Service: 1D Barcode Annual Software License Fee	\$205.00	\$820.00
4	Service: VRS Technology Annual Software License Fee	\$585.00	\$2,340.00
4	Service: MICR+ Annual Software License Fee	\$785.00	\$3,140.00
4	Service: Model 72 Base Machine	\$2,775.00	\$11,100.00
10/1/2019 – 09/30/2020 OPEX Maintenance Service Cost (pre-tax)			\$43,660.00

Optional Years of Additional Service:

The below service prices quoted are based upon OPEX's prepayment annually in advance option for a full year of OPEX maintenance services, Monday through Friday, 7AM-3PM, site local time, excluding OPEX holidays. The quoted On-Call maintenance fees, per additional year, quoted below are **the maximum price increase** and are based on prepayment annually in advance payment option. Except for the First Year (2019), OPEX will invoice for maintenance during each of the three (3) Option Years either the cap amount quoted below or the then current year's published rate, **whichever is less**. Please take note that the below price caps shall not apply to OPEX's service rates for weekend and/or holiday coverage.

Option Year 1: 10/1/2020 – 09/30/2021

QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
4	Service: Falcon Base Machine	\$6,638.00	\$26,553.00
4	Service: Falcon Multi-slot ID Assist Tower	\$124.00	\$494.00
4	Service: 1D Barcode Annual Software License Fee	\$211.00	\$845.00
4	Service: VRS Technology Annual Software License Fee	\$603.00	\$2,410.00
4	Service: MICR+ Annual Software License Fee	\$809.00	\$3,234.00
4	Service: Model 72 Base Machine	\$2,858.00	\$11,433.00
10/1/2020 – 09/30/2021 OPEX Maintenance Service Cost (pre-tax)			\$44,970.00

Option Year 2: 10/1/2021 – 09/30/2022

QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
4	Service: Falcon Base Machine	\$6,904.00	\$27,616.00
4	Service: Falcon Multi-slot ID Assist Tower	\$129.00	\$514.00
4	Service: 1D Barcode Annual Software License Fee	\$220.00	\$878.00
4	Service: VRS Technology Annual Software License Fee	\$627.00	\$2,507.00
4	Service: MICR+ Annual Software License Fee	\$841.00	\$3,364.00
4	Service: Model 72 Base Machine	\$2,973.00	\$11,890.00
10/1/2021 – 09/30/2022 OPEX Maintenance Service Cost (pre-tax)			\$46,769.00

Option Year 3: 10/1/2022 – 09/30/2023

QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
4	Service: Falcon Base Machine	\$7,249.00	\$28,996.00
4	Service: Falcon Multi-slot ID Assist Tower	\$135.00	\$540.00
4	Service: 1D Barcode Annual Software License Fee	\$231.00	\$922.00
4	Service: VRS Technology Annual Software License Fee	\$658.00	\$2,632.00
4	Service: MICR+ Annual Software License Fee	\$883.00	\$3,532.00
4	Service: Model 72 Base Machine	\$3,121.00	\$12,485.00
10/1/2022 – 09/30/2023 OPEX Maintenance Service Cost (pre-tax)			\$49,107.00

Option Year 4: 10/1/2023 – 09/30/2024

QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
4	Service: Falcon Base Machine	\$7,757.00	\$31,026.00
4	Service: Falcon Multi-slot ID Assist Tower	\$144.00	\$578.00
4	Service: 1D Barcode Annual Software License Fee	\$247.00	\$987.00
4	Service: VRS Technology Annual Software License Fee	\$704.00	\$2,816.00
4	Service: MICR+ Annual Software License Fee	\$945.00	\$3,779.00
4	Service: Model 72 Base Machine	\$3,340.00	\$13,359.00
10/1/2023 – 09/30/2024 OPEX Maintenance Service Cost (pre-tax)			\$52,545.00

THIS IS THE LAST PAGE (PAGE 92) FOR SCHEDULE A OF THE CONTRACT. PLEASE SEE NEXT PAGE (PAGE 93) FOR SCHEDULE B OF THE CONTRACT.

STATE OF MICHIGAN

Contract # 231, 190000000422
Remittance Processor

SCHEDULE B PRICING

1. The Contractor must provide a pricing schedule for the proposed Contract Activities. Contractor may also be referred to as "OPEX" under this Schedule B.
2. Price proposals must include all costs, including but not limited to, any one-time or set-up charges, fees, and potential costs that Contractor may charge the State (e.g., shipping and handling, per piece pricing, and palletizing). The below equipment purchase prices for four (4) new OPEX Falcon products and three (3) new OPEX Model 72 products are one-time purchase by the State and are only valid through June 28, 2019. The annual maintenance service and license fees for the equipment listed in this Schedule B are only applicable through September 30, 2023, based on the prepayment annually in advance payment option.
3. By submitting its proposal, the Contractor certifies that the prices were arrived at independently, and without consultation, communication, or agreement with any other Contractor.

QTY	DESCRIPTION	OPEX LIST PRICE	SELL PRICE	LINE TOTAL
3	*FALCON BASE MACHINE WITH CORRUGATOR (NA) 120V	39,500.00	*38,710.00	116,130.00
3	FALCON WINDOWS 10 64 BIT W/BITLOCKER	Included	-	-
3	FALCON MICR (PLUS)	4,850.00	4,850.00	14,550.00
3	FALCON REAR STANDARD PRINTER ONLY	600.00	600.00	1,800.00
3	FALCON 1D BARCODE SUITE SOFTWARE	860.00	860.00	2,580.00
3	FALCON REF ID SOFTWARE	1,070.00	1,070.00	3,210.00
3	FALCON VRS TECHNOLOGY SOFTWARE	2,855.00	2,855.00	8,565.00
3	FALCON MULTISLOT ID ASSIST TOWER	1,050.00	1,050.00	3,150.00
3	M72 BASE W/ MILLING TOP CUTTER 110V	30,100.00	30,100.00	90,300.00
3	ASM M72 FRAME ADJUSTABLE HEIGHT 110V US LIFT SYSTEM OPT SA	2,750.00	2,750.00	8,250.00
1	FALCON TO M72 MOUNTING RETRO FL	1,500.00	1,500.00	1,500.00
1	*FALCON BASE MACHINE WITH CORRUGATOR (NA) 120V	39,500.00	*38,710.00	38,710.00
1	FALCON WINDOWS 10 64 BIT W/BITLOCKER	Included	-	-
1	FALCON MICR (PLUS)	4,850.00	4,850.00	4,850.00
1	FALCON REAR STANDARD PRINTER ONLY	600.00	600.00	600.00
1	FALCON 1D BARCODE SUITE SOFTWARE	860.00	860.00	860.00
1	FALCON REF ID SOFTWARE	1,070.00	1,070.00	1,070.00
1	FALCON VRS TECHNOLOGY SOFTWARE	2,855.00	2,855.00	2,855.00
1	FALCON MULTISLOT ID ASSIST TOWER	1,050.00	1,050.00	1,050.00
4	**TRADE-IN ALLOWANCE FOR MODEL 51	-500.00	-500.00	-2,000.00
1	***FREIGHT-COMMON CARRIER	3,150.00	3,150.00	3,150.00

1	FEE-PROFESSIONAL SERVICES	2,500.00	2,500.00	2,500.00
	Installation, Operator Training and Programming of 3 Jobs****, Per Falcon Unit	Included	-	-
Any applicable software licensing and/or maintenance fees are due on an annual basis in accordance with OPEX's published rates and terms then in effect. These fees are normally itemized on the annual Maintenance Agreement invoice, but are billed separately in the event you do not have an OPEX service contract.			EQUIPMENT (USD)	300,530.00
			FREIGHT (USD)	3,150.00
			TOTAL (USD)	\$303,680.00

***Falcon Purchase Discount**

The current retail price for the OPEX Falcon Scanner (base machine only) for one unit is \$39,500.00 (pre- tax). The per unit "Sell Price" set forth above in this Proposal #156704-5 for the Falcon base machine reflects a machine quantity discount of two percent (2%) and is contingent upon Purchaser purchasing the quantity listed above. If Michigan Dept. of State purchases less than four (4) Falcon units, then the unit price will be subject to change. The two percent (2%) discount applies to the Falcon base machine only and is not applicable to the Falcon options (i.e., MICR+, Rear Standard Printer, 1D Barcode Software, Reference ID Software, VRS Technology Software, Multislot ID Assist Tower, etc.), retro-fit fee, service, and/or annual software license fees.

****Trade-In Allowance Information:**

OPEX offers a total one-time trade-in credit amount of \$2,000.00 as set forth in this Proposal for the purchase of four (4) new Falcon units and three (3) new Model 72 units and the trade-in of four (4) Model 51 units. Should either the total quantity for the purchase of four (4) Falcon units and three (3) Model 72 units or the total trade-in quantity of four (4) Model 51 units change on this transaction, OPEX reserves the right, at our sole discretion, to adjust the trade-in credit accordingly. OPEX and Michigan Dept. of State will work out the schedule for OPEX to take possession of the four (4) Model 51 units, but this must be accomplished within ninety (90) days of installation of the four (4) new Falcon units and three (3) new Model 72 units. For reference purposes, the trade-in credit includes the cost of OPEX removing the Model 51 units from your site.

*****Freight:**

The above quoted freight is the not to exceed estimated freight charges and are subject to change without notice. The freight above is contingent upon all equipment being shipped at once. Should shipping of the OPEX Equipment be broken into multiple freights, the freight cost is subject to change. The actual freight charges will be determined on the actual date of payment, which may be higher or lower than the freight costs listed in this Proposal #156704-5. Please add \$75 if a lift gate is needed.

******Programming of Jobs:**

The purchase of one (1) Falcon unit includes the programming of 3 jobs. Each additional job is \$200.00, job, per Falcon unit.

2019 Prorated Service Costs

The below quoted service pricing for four (4) new Falcon scanners and three (3) new Model 72 Rapid Extraction Desks is a prorated service cost based upon prepayment annually in advance pricing.

The prorated cost provided below is a not to exceed estimated cost for prorated service for three (3) months 7/1/2019 – 9/30/2019. This cost is OPEX's estimated guess of the earliest the OPEX Equipment can be ordered, shipped, delivered, installed, and the thirty (30) day warranty expiring. Should the expiration of the warranty occur after July 1, 2019, the prorated amount will also be subject to change and OPEX will invoice Michigan Dept. of State only for the days in which the service contract with OPEX is active. Service fees will be billed only for the days after expiration of the thirty (30) day warranty.

QTY	DESCRIPTION	OPEX Estimated Prorated Price (92 days) 7/1/2019 – 9/30/2019	Extended Price
4	Service: Falcon Base Machine	\$1,624.49	\$6,497.97
4	Service: Falcon Multi-slot ID Assist Tower	\$30.25	\$120.99
4	Service: 1D Barcode Annual Software License Fee	\$51.67	\$206.68
4	Service: VRS Technology Annual Software License Fee	\$147.45	\$589.81
4	Service: MICR+ Annual Software License Fee	\$197.86	\$791.45
3	Service: Model 72 Base Machine	\$699.45	\$2,098.36
Estimated Not to Exceed Prorated Service Cost (pre-tax)			\$10,305.26

OPEX Additional Years of Annual Service

Period of Performance: 10/1/2019 – 09/30/2020

The below service prices quoted are based upon OPEX's prepayment annually in advance option for a full year of OPEX maintenance services, Monday through Friday, 7AM-3PM, site local time, excluding OPEX holidays. These prices are for the period of performance from October 1, 2019 through September 30, 2020. Should the thirty (30) day warranty not expire on all new equipment by October 1, 2019 pricing will adjust accordingly. Please note, the below quote includes Michigan's currently owned Model 72 (s/n 17548) which is being retrofitted to one of the four (4) new Falcon scanners and presently holds a maintenance contract with OPEX that would renew on October 1, 2019. As such, of the four (4) Model 72 units, three (3) Model 72 units will be purchased by Michigan under this proposal and the 4th Model 72 unit (s/n 17548) will be retrofitted to one of the four (4) new Falcon units.

QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
4	Service: Falcon Base Machine	\$6,445.00	\$25,780.00
4	Service: Falcon Multi-slot ID Assist Tower	\$120.00	\$480.00

4	Service: 1D Barcode Annual Software License Fee	\$205.00	\$820.00
4	Service: VRS Technology Annual Software License Fee	\$585.00	\$2,340.00
4	Service: MICR+ Annual Software License Fee	\$785.00	\$3,140.00
4	Service: Model 72 Base Machine	\$2,775.00	\$11,100.00
10/1/2019 – 09/30/2020 OPEX Maintenance Service Cost (pre-tax)			\$43,660.00

Years of Additional Service:

The below service prices quoted are based upon OPEX's prepayment annually in advance option for a full year of OPEX maintenance services, Monday through Friday, 7AM-3PM, site local time, excluding OPEX holidays. The quoted On-Call maintenance fees, per additional year, quoted below are **the maximum price increase** and are based on prepayment annually in advance payment option. Except for the First Year (2019), OPEX will invoice for maintenance during each of the three (3) Option Years either the cap amount quoted below or the then current year's published rate, **whichever is less**. Please take note that the below price caps shall not apply to OPEX's service rates for weekend and/or holiday coverage.

Year 1: 10/1/2020 – 09/30/2021

QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
4	Service: Falcon Base Machine	\$6,638.00	\$26,553.00
4	Service: Falcon Multi-slot ID Assist Tower	\$124.00	\$494.00
4	Service: 1D Barcode Annual Software License Fee	\$211.00	\$845.00
4	Service: VRS Technology Annual Software License Fee	\$603.00	\$2,410.00
4	Service: MICR+ Annual Software License Fee	\$809.00	\$3,234.00
4	Service: Model 72 Base Machine	\$2,858.00	\$11,433.00
10/1/2020 – 09/30/2021 OPEX Maintenance Service Cost (pre-tax)			\$44,970.00

Year 2: 10/1/2021 – 09/30/2022

QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
4	Service: Falcon Base Machine	\$6,904.00	\$27,616.00
4	Service: Falcon Multi-slot ID Assist Tower	\$129.00	\$514.00
4	Service: 1D Barcode Annual Software License Fee	\$220.00	\$878.00
4	Service: VRS Technology Annual Software License Fee	\$627.00	\$2,507.00
4	Service: MICR+ Annual Software License Fee	\$841.00	\$3,364.00
4	Service: Model 72 Base Machine	\$2,973.00	\$11,890.00
10/1/2021 – 09/30/2022 OPEX Maintenance Service Cost (pre-tax)			\$46,769.00

Year 3: 10/1/2022 – 09/30/2023

QTY	DESCRIPTION	UNIT PRICE	EXTENDED PRICE
4	Service: Falcon Base Machine	\$7,249.00	\$28,996.00
4	Service: Falcon Multi-slot ID Assist Tower	\$135.00	\$540.00
4	Service: 1D Barcode Annual Software License Fee	\$231.00	\$922.00
4	Service: VRS Technology Annual Software License Fee	\$658.00	\$2,632.00
4	Service: MICR+ Annual Software License Fee	\$883.00	\$3,532.00
4	Service: Model 72 Base Machine	\$3,121.00	\$12,485.00
10/1/2022 – 09/30/2023 OPEX Maintenance Service Cost (pre-tax)			\$49,107.00

Total base period contract cost: **\$498,491.26**

Upon conclusion of year 3 ending on 9/30/2023, all subsequent rates for the purchase of annual on-call maintenance service and license fees shall be based on OPEX's then current rates.